

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐  
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>		5. MINERAL LEASE NO: <b>UTU-81161</b>	6. SURFACE: <b>Fee</b>
1A. TYPE OF WORK: <b>DRILL</b> <input checked="" type="checkbox"/> <b>REENTER</b> <input type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
8. TYPE OF WELL: <b>OIL</b> <input type="checkbox"/> <b>GAS</b> <input checked="" type="checkbox"/> <b>OTHER</b> <u>CBM</u> <b>SINGLE ZONE</b> <input checked="" type="checkbox"/> <b>MULTIPLE ZONE</b> <input type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: <b>Marion Energy Inc.</b>		9. WELL NAME and NUMBER: <b>Kenilworth Railroad #15-3</b>	
3. ADDRESS OF OPERATOR: <b>119 S. Tennessee #200</b> CITY <b>McKinney</b> STATE <b>TX</b> ZIP <b>75069</b>		10. FIELD AND POOL, OR WILDCAT: <b>Helper Field</b>	
4. LOCATION OF WELL (FOOTAGES) <b>517021X 4393124Y 39.689672 -110.801493</b> AT SURFACE: <b>539.52ft FSL 1291.21ft FEL SESE Section 16 13S-10E</b> AT PROPOSED PRODUCING ZONE: <b>943ft FSL 1143ft FWL /SW Section 15 13S-10E</b> <b>517764X 4393249Y SW 39.690778 -110.792833</b>		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESE 16 13S 10E</b>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>Approx 1/4 of a mile East of the town of Kenilworth</b>		12. COUNTY: <b>Carbon</b>	13. STATE: <b>UTAH</b>
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) <b>539.52ft at surface loc and 943ft at producing zc</b>	16. NUMBER OF ACRES IN LEASE: <b>1269.11</b>	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: <b>160</b>	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) <b>Approx 2640ft North East of the bottom hole loc</b>	19. PROPOSED DEPTH: <b>5,812</b>	20. BOND DESCRIPTION: <b>See Attached Bond Document</b>	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>6577.7' GR</b>	22. APPROXIMATE DATE WORK WILL START: <b>6/1/2006</b>	23. ESTIMATED DURATION: <b>2 1/2 weeks</b>	

**PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
16 3/4"	13 3/8"    J-55    61#	500	Premium "G"    384 sx    1.25 cuft/sk    14.2 ppq
12 1/4"	8 5/8"    J-55    26.4#	2,350	Lead: Prem. Lite    227 sx    3.82 cuft/sk    11 ppq
			Tail:50/50 Poz    96 sx    1.25 cuft/sk    14.2 ppq
7 7/8"	5 1/2"    J-55    17#	5,812	Lead: Prem. Lite    62 sx    3.82 cuft/sk    11 ppq
			Tail:50/50 Poz    840 sx    1.25 cuft/sk    14.2 ppq

**ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN                                   |
| <input type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER        | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) Keri Clarke    TITLE VP Land  
SIGNATURE [Signature]    DATE 3-31-06

(This space for State use only)

API NUMBER ASSIGNED: 43-007-31148

**Federal Approval of this  
Action is Necessary**

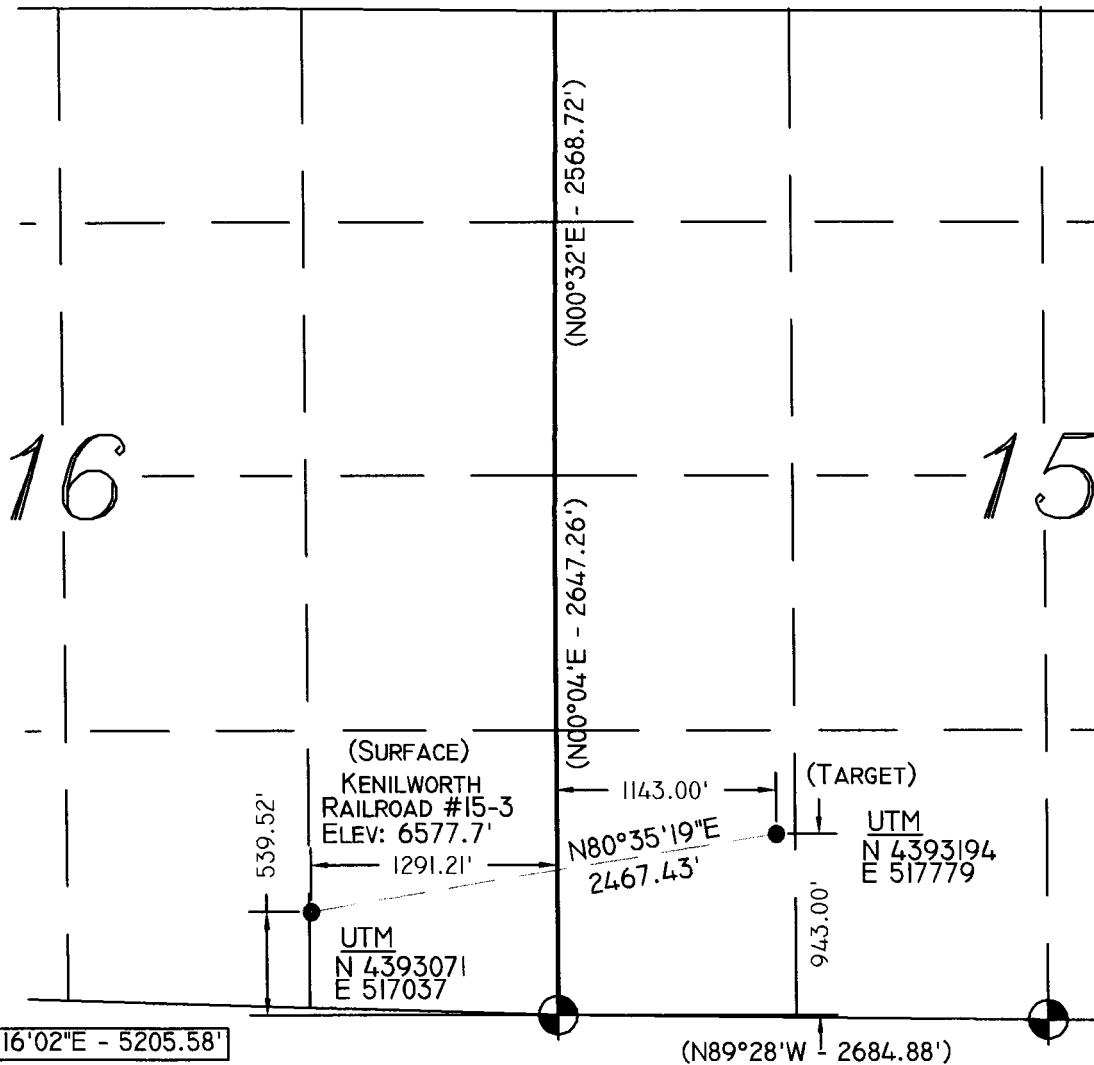
**Approved by the  
Utah Division of  
Oil, Gas and Mining**  
Date: 05-09-06  
By: [Signature]

**RECEIVED  
APR 04 2006**

DIV. OF OIL, GAS & MINING

# Range 10 East

Township 13 South



## Legend

- Drill Hole Location
- ⊙ Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- ( ) GLO
- GPS Measured

## NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

SURFACE
LAT / LONG
39°41'21.093"N
110°48'04.725"W

TARGET
LAT / LONG
39°41'25.028"N
110°47'33.561"W

## Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

## Basis of Bearing:

The Basis of Bearing is GPS Measured.

## GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

## Basis of Elevation:

Basis of Elevation of 6561' being at the Southwest Section Corner of Section 16, Township 13 South, Range 10 East, Salt Lake Base and Meridian, as shown on the Helper Quadrangle 7.5 minute series map.

## Description of Location:

### Surface Location

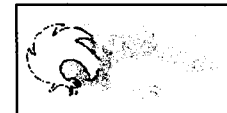
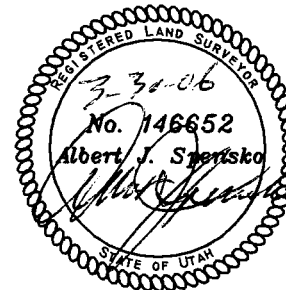
Proposed Drill Hole located in the SE/4 SE/4 of Section 16, T13S, R10E, S.L.B.&M., being 539.52' North and 1291.21' West from the Southeast Section Corner of Section 16, T13S, R10E, Salt Lake Base & Meridian.

### Target Location

Proposed Target located in the SW/4 SW/4 of Section 15, T13S, R10E, S.L.B.&M., being 943.00' North and 1143.00' East from the Southwest Section Corner of Section 15, T13S, R10E, Salt Lake Base & Meridian.

## Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



## TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talonactv.net



## Marion Energy Inc.

Kenilworth Railroad #15-3  
Section 16, T13S, R10E, S.L.B.&M.  
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 3/28/06
	Scale: 1" = 1000'
Sheet 1 of 3	Job No. 2347

## GRAPHIC SCALE

0 500' 1000'

( IN FEET )

1 inch = 1000 ft.

**MARION ENERGY**  
**Kenilworth Railroad #15-3**  
**Carbon County, Utah**



**SECTION DETAILS**

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.00	0.00	80.59	0.00	0.00	0.00	0.00	0.00	0.00	
2	800.00	0.00	80.59	800.00	0.00	0.00	0.00	80.59	0.00	KOP
3	3300.00	50.00	80.59	2994.56	167.31	1009.57	2.00	80.59	1023.34	End Build
4	5189.34	50.00	80.59	4209.00	403.95	2437.41	0.00	0.00	2470.66	15-3 Target
5	5811.63	50.00	80.59	4609.00	481.89	2907.70	0.00	0.00	2947.36	TD

**FIELD DETAILS**

Carbon, Utah (UTM meters)

Geodetic System: Universal Transverse Mercator  
 Ellipsoid: NAD27 (Clarke 1866)  
 Zone: UTM Zone 12, North 114W to 108W  
 Magnetic Model: bggm2005

System Datum: Mean Sea Level  
 Local North: Grid North

**WELL DETAILS**

Name	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude	Slot
Kenilworth Railroad #15-3	0.00	0.00	4393071.00	517037.00	39°41'21.093N	110°48'04.725W	N/A

**TARGET DETAILS**

Name	TVD	+N/-S	+E/-W	Shape
15-3 Target	4209.00	403.54	2434.38	Point

**SITE DETAILS**

Kenilworth Railroad #15-3  
 Carbon County, Utah  
 SE/SE Sec. 16, T13S, R10E

Site Centre Northing: 4393071.00  
 Easting: 517037.00

Ground Level: 6577.70  
 Positional Uncertainty: 0.00  
 Convergence: 0.13

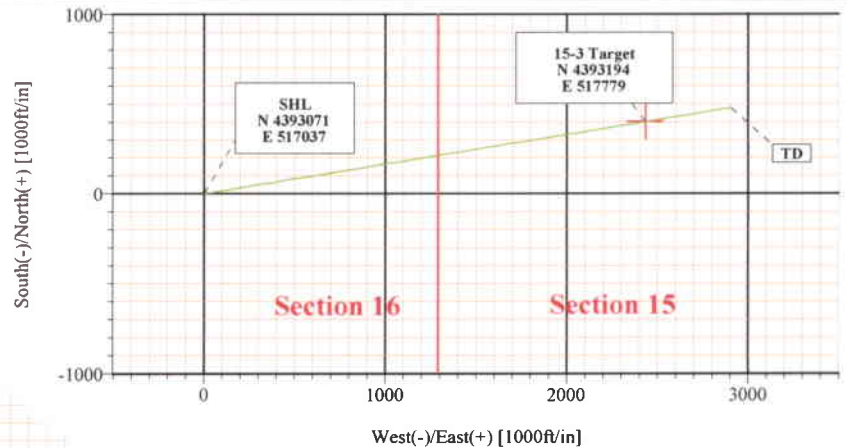
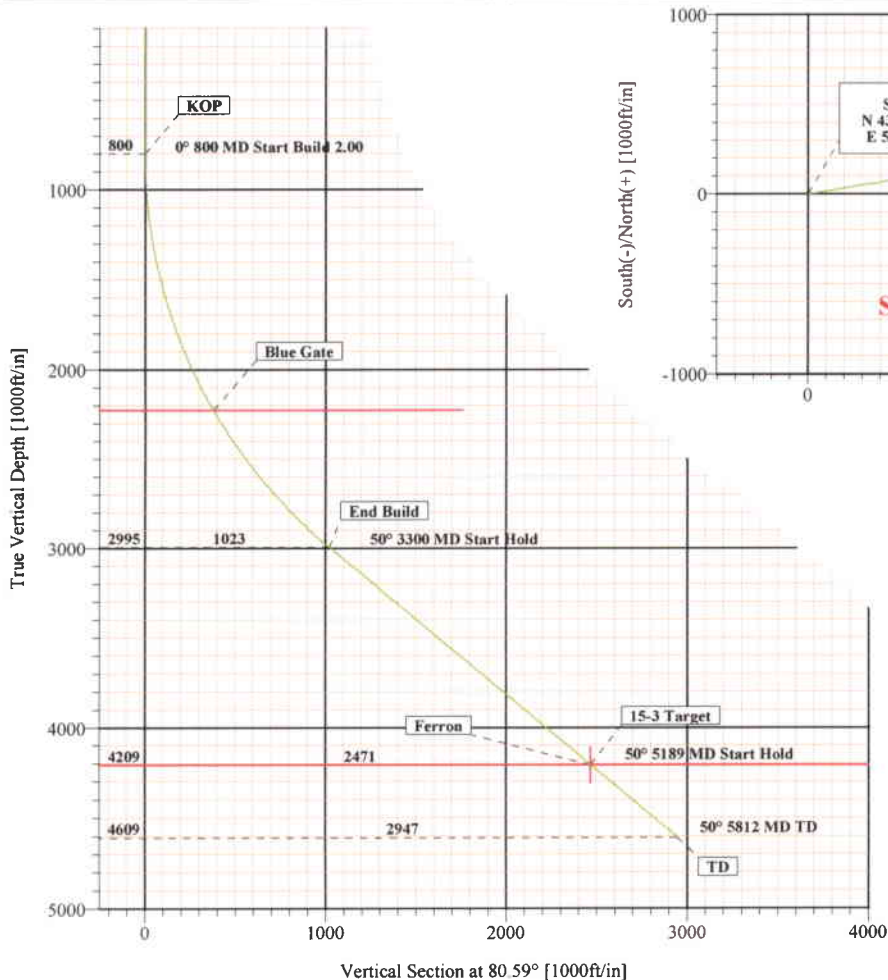
**CASING DETAILS**

No.	TVD	MD	Name	Size
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No casings on this wellpath.

**FORMATION TOP DETAILS**

No.	TVDPath	MDPath	Formation
1	2225.00	2291.47	Blue Gate
2	4209.00	5189.34	Ferron



# Weatherford International

## Planning Report

<b>Company:</b> Marion Energy <b>Field:</b> Carbon, Utah (UTM meters) <b>Site:</b> Kenilworth Railroad #15-3 <b>Well:</b> Kenilworth Railroad #15-3 <b>Wellpath:</b> 1	<b>Date:</b> 5/12/2006 <b>Co-ordinate(NE) Reference:</b> Site: Kenilworth Railroad #15-3 <b>Vertical (TVD) Reference:</b> SITE 0.0 <b>Section (VS) Reference:</b> Well (0.00N,0.00E,80.59Azi) <b>Plan:</b> Plan #1
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<b>Field:</b> Carbon, Utah (UTM meters)  <b>Map System:</b> Universal Transverse Mercator <b>Geo Datum:</b> NAD27 (Clarke 1866) <b>Sys Datum:</b> Mean Sea Level	<b>Map Zone:</b> UTM Zone 12, North 114W to 108W <b>Coordinate System:</b> Site Centre <b>Geomagnetic Model:</b> bggm2005
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<b>Site:</b> Kenilworth Railroad #15-3 Carbon County, Utah SE/SE Sec. 16, T13S, R10E  <b>Site Position:</b> <b>From:</b> Map <b>Position Uncertainty:</b> 0.00 ft <b>Ground Level:</b> 6577.70 ft	<b>Slot Name:</b>  <b>Northing:</b> 4393071.00 m <b>Easting:</b> 517037.00 m  <b>Latitude:</b> 39 41 21.093 N <b>Longitude:</b> 110 48 4.725 W <b>North Reference:</b> Grid <b>Grid Convergence:</b> 0.13 deg
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<b>Well:</b> Kenilworth Railroad #15-3  <b>Well Position:</b> +N/-S 0.00 ft +E/-W 0.00 ft <b>Position Uncertainty:</b> 0.00 ft	<b>Slot Name:</b>  <b>Northing:</b> 4393071.00 m <b>Easting:</b> 517037.00 m  <b>Latitude:</b> 39 41 21.093 N <b>Longitude:</b> 110 48 4.725 W
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<b>Wellpath:</b> 1  <b>Current Datum:</b> SITE <b>Magnetic Data:</b> 5/12/2006 <b>Field Strength:</b> 52519 nT <b>Vertical Section:</b> Depth From (TVD) ft	<b>Drilled From:</b> Surface <b>Tie-on Depth:</b> 0.00 ft <b>Above System Datum:</b> Mean Sea Level <b>Declination:</b> 12.20 deg <b>Mag Dip Angle:</b> 65.50 deg <b>+E/-W</b> ft
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<b>Plan:</b> Plan #1  <b>Principal:</b> Yes	<b>Date Composed:</b> 5/12/2006 <b>Version:</b> 1 <b>Tied-to:</b> From Surface
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### Plan Section Information

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg	Target
0.00	0.00	80.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
800.00	0.00	80.59	800.00	0.00	0.00	0.00	0.00	0.00	80.59	
3300.00	50.00	80.59	2994.56	167.31	1009.57	2.00	2.00	0.00	80.59	
5189.34	50.00	80.59	4209.00	403.95	2437.41	0.00	0.00	0.00	0.00	15-3 Target
5811.63	50.00	80.59	4609.00	481.89	2907.70	0.00	0.00	0.00	0.00	

### Section 1 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
0.00	0.00	80.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
800.00	0.00	80.59	800.00	0.00	0.00	0.00	0.00	0.00	0.00	80.59

### Section 2 : Start Build 2.00

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
900.00	2.00	80.59	899.98	0.29	1.72	1.75	2.00	2.00	0.00	0.00
1000.00	4.00	80.59	999.84	1.14	6.88	6.98	2.00	2.00	0.00	0.00
1100.00	6.00	80.59	1099.45	2.57	15.48	15.69	2.00	2.00	0.00	0.00
1200.00	8.00	80.59	1198.70	4.56	27.50	27.88	2.00	2.00	0.00	0.00
1300.00	10.00	80.59	1297.47	7.12	42.94	43.52	2.00	2.00	0.00	0.00
1400.00	12.00	80.59	1395.62	10.24	61.76	62.60	2.00	2.00	0.00	0.00
1500.00	14.00	80.59	1493.06	13.91	83.95	85.10	2.00	2.00	0.00	0.00
1600.00	16.00	80.59	1589.64	18.14	109.48	110.98	2.00	2.00	0.00	0.00
1700.00	18.00	80.59	1685.27	22.92	138.33	140.21	2.00	2.00	0.00	0.00
1800.00	20.00	80.59	1779.82	28.25	170.44	172.77	2.00	2.00	0.00	0.00
1900.00	22.00	80.59	1873.17	34.11	205.80	208.60	2.00	2.00	0.00	0.00
2000.00	24.00	80.59	1965.21	40.49	244.34	247.67	2.00	2.00	0.00	0.00

# Weatherford International

## Planning Report

**Company:** Marion Energy  
**Field:** Carbon, Utah (UTM meters)  
**Site:** Kenilworth Railroad #15-3  
**Well:** Kenilworth Railroad #15-3  
**Wellpath:** 1

**Date:** 5/12/2006 **Time:** 16:20:32 **Page:** 2  
**Co-ordinate(NE) Reference:** Site: Kenilworth Railroad #15-3  
**Vertical (TVD) Reference:** SITE 0.0  
**Section (VS) Reference:** Well (0.00N,0.00E,80.59Azi)  
**Plan:** Plan #1

### Section 2 : Start Build 2.00

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
2100.00	26.00	80.59	2055.84	47.40	286.03	289.93	2.00	2.00	0.00	0.00
2200.00	28.00	80.59	2144.94	54.83	330.82	335.33	2.00	2.00	0.00	0.00
2291.47	29.83	80.59	2225.00	62.06	374.45	379.55	2.00	2.00	0.00	0.00
2300.00	30.00	80.59	2232.39	62.75	378.64	383.81	2.00	2.00	0.00	0.00
2400.00	32.00	80.59	2318.11	71.17	429.45	435.31	2.00	2.00	0.00	0.00
2500.00	34.00	80.59	2401.97	80.08	483.18	489.77	2.00	2.00	0.00	0.00
2600.00	36.00	80.59	2483.88	89.45	539.76	547.13	2.00	2.00	0.00	0.00
2700.00	38.00	80.59	2563.74	99.29	599.13	607.30	2.00	2.00	0.00	0.00
2800.00	40.00	80.59	2641.45	109.58	661.21	670.23	2.00	2.00	0.00	0.00
2900.00	42.00	80.59	2716.92	120.31	725.93	735.84	2.00	2.00	0.00	0.00
3000.00	44.00	80.59	2790.05	131.46	793.21	804.03	2.00	2.00	0.00	0.00
3100.00	46.00	80.59	2860.76	143.02	862.97	874.74	2.00	2.00	0.00	0.00
3200.00	48.00	80.59	2928.95	154.98	935.12	947.87	2.00	2.00	0.00	0.00
3300.00	50.00	80.59	2994.56	167.31	1009.57	1023.34	2.00	2.00	0.00	0.00

### Section 3 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
3400.00	50.00	80.59	3058.83	179.84	1085.14	1099.94	0.00	0.00	0.00	0.00
3500.00	50.00	80.59	3123.11	192.36	1160.71	1176.55	0.00	0.00	0.00	0.00
3600.00	50.00	80.59	3187.39	204.89	1236.29	1253.15	0.00	0.00	0.00	0.00
3700.00	50.00	80.59	3251.67	217.41	1311.86	1329.76	0.00	0.00	0.00	0.00
3800.00	50.00	80.59	3315.95	229.94	1387.44	1406.36	0.00	0.00	0.00	0.00
3900.00	50.00	80.59	3380.23	242.46	1463.01	1482.96	0.00	0.00	0.00	0.00
4000.00	50.00	80.59	3444.51	254.99	1538.58	1559.57	0.00	0.00	0.00	0.00
4100.00	50.00	80.59	3508.79	267.51	1614.16	1636.17	0.00	0.00	0.00	0.00
4200.00	50.00	80.59	3573.06	280.04	1689.73	1712.78	0.00	0.00	0.00	0.00
4300.00	50.00	80.59	3637.34	292.56	1765.30	1789.38	0.00	0.00	0.00	0.00
4400.00	50.00	80.59	3701.62	305.09	1840.88	1865.99	0.00	0.00	0.00	0.00
4500.00	50.00	80.59	3765.90	317.61	1916.45	1942.59	0.00	0.00	0.00	0.00
4600.00	50.00	80.59	3830.18	330.13	1992.02	2019.20	0.00	0.00	0.00	0.00
4700.00	50.00	80.59	3894.46	342.66	2067.60	2095.80	0.00	0.00	0.00	0.00
4800.00	50.00	80.59	3958.74	355.18	2143.17	2172.40	0.00	0.00	0.00	0.00
4900.00	50.00	80.59	4023.02	367.71	2218.75	2249.01	0.00	0.00	0.00	0.00
5000.00	50.00	80.59	4087.29	380.23	2294.32	2325.61	0.00	0.00	0.00	0.00
5100.00	50.00	80.59	4151.57	392.76	2369.89	2402.22	0.00	0.00	0.00	0.00
5189.34	50.00	80.59	4209.00	403.95	2437.41	2470.66	0.00	0.00	0.00	0.00

### Section 4 : Start Hold

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	TFO deg
5200.00	50.00	80.59	4215.85	405.28	2445.47	2478.82	0.00	0.00	0.00	0.00
5300.00	50.00	80.59	4280.13	417.81	2521.04	2555.43	0.00	0.00	0.00	0.00
5400.00	50.00	80.59	4344.41	430.33	2596.61	2632.03	0.00	0.00	0.00	0.00
5500.00	50.00	80.59	4408.69	442.86	2672.19	2708.64	0.00	0.00	0.00	0.00
5600.00	50.00	80.59	4472.97	455.38	2747.76	2785.24	0.00	0.00	0.00	0.00
5700.00	50.00	80.59	4537.25	467.91	2823.33	2861.84	0.00	0.00	0.00	0.00
5800.00	50.00	80.59	4601.52	480.43	2898.91	2938.45	0.00	0.00	0.00	0.00
5811.63	50.00	80.59	4609.00	481.89	2907.70	2947.36	0.00	0.00	0.00	0.00

### Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
800.00	0.00	80.59	800.00	0.00	0.00	0.00	0.00	0.00	0.00	KOP
900.00	2.00	80.59	899.98	0.29	1.72	1.75	2.00	2.00	0.00	
1000.00	4.00	80.59	999.84	1.14	6.88	6.98	2.00	2.00	0.00	
1100.00	6.00	80.59	1099.45	2.57	15.48	15.69	2.00	2.00	0.00	
1200.00	8.00	80.59	1198.70	4.56	27.50	27.88	2.00	2.00	0.00	
1300.00	10.00	80.59	1297.47	7.12	42.94	43.52	2.00	2.00	0.00	
1400.00	12.00	80.59	1395.62	10.24	61.76	62.60	2.00	2.00	0.00	

# Weatherford International Planning Report

Company: Marion Energy  
Field: Carbon, Utah (UTM meters)  
Site: Kenilworth Railroad #15-3  
Well: Kenilworth Railroad #15-3  
Wellpath: 1

Date: 5/12/2006 Time: 16:20:32 Page: 3  
Co-ordinate(NE) Reference: Site: Kenilworth Railroad #15-3  
Vertical (TVD) Reference: SITE 0.0  
Section (VS) Reference: Well (0.00N,0.00E,80.59Azi)  
Plan: Plan #1

## Survey

MD ft	Incl deg	Azim deg	TVD ft	+N/-S ft	+E/-W ft	VS ft	DLS deg/100ft	Build deg/100ft	Turn deg/100ft	Tool/Comment
1500.00	14.00	80.59	1493.06	13.91	83.95	85.10	2.00	2.00	0.00	
1600.00	16.00	80.59	1589.64	18.14	109.48	110.98	2.00	2.00	0.00	
1700.00	18.00	80.59	1685.27	22.92	138.33	140.21	2.00	2.00	0.00	
1800.00	20.00	80.59	1779.82	28.25	170.44	172.77	2.00	2.00	0.00	
1900.00	22.00	80.59	1873.17	34.11	205.80	208.60	2.00	2.00	0.00	
2000.00	24.00	80.59	1965.21	40.49	244.34	247.67	2.00	2.00	0.00	
2100.00	26.00	80.59	2055.84	47.40	286.03	289.93	2.00	2.00	0.00	
2200.00	28.00	80.59	2144.94	54.83	330.82	335.33	2.00	2.00	0.00	
2291.47	29.83	80.59	2225.00	62.06	374.45	379.55	2.00	2.00	0.00	Blue Gate
2300.00	30.00	80.59	2232.39	62.75	378.64	383.81	2.00	2.00	0.00	
2400.00	32.00	80.59	2318.11	71.17	429.45	435.31	2.00	2.00	0.00	
2500.00	34.00	80.59	2401.97	80.08	483.18	489.77	2.00	2.00	0.00	
2600.00	36.00	80.59	2483.88	89.45	539.76	547.13	2.00	2.00	0.00	
2700.00	38.00	80.59	2563.74	99.29	599.13	607.30	2.00	2.00	0.00	
2800.00	40.00	80.59	2641.45	109.58	661.21	670.23	2.00	2.00	0.00	
2900.00	42.00	80.59	2716.92	120.31	725.93	735.84	2.00	2.00	0.00	
3000.00	44.00	80.59	2790.05	131.46	793.21	804.03	2.00	2.00	0.00	
3100.00	46.00	80.59	2860.76	143.02	862.97	874.74	2.00	2.00	0.00	
3200.00	48.00	80.59	2928.95	154.98	935.12	947.87	2.00	2.00	0.00	
3300.00	50.00	80.59	2994.56	167.31	1009.57	1023.34	2.00	2.00	0.00	End Build
3400.00	50.00	80.59	3058.83	179.84	1085.14	1099.94	0.00	0.00	0.00	
3500.00	50.00	80.59	3123.11	192.36	1160.71	1176.55	0.00	0.00	0.00	
3600.00	50.00	80.59	3187.39	204.89	1236.29	1253.15	0.00	0.00	0.00	
3700.00	50.00	80.59	3251.67	217.41	1311.86	1329.76	0.00	0.00	0.00	
3800.00	50.00	80.59	3315.95	229.94	1387.44	1406.36	0.00	0.00	0.00	
3900.00	50.00	80.59	3380.23	242.46	1463.01	1482.96	0.00	0.00	0.00	
4000.00	50.00	80.59	3444.51	254.99	1538.58	1559.57	0.00	0.00	0.00	
4100.00	50.00	80.59	3508.79	267.51	1614.16	1636.17	0.00	0.00	0.00	
4200.00	50.00	80.59	3573.06	280.04	1689.73	1712.78	0.00	0.00	0.00	
4300.00	50.00	80.59	3637.34	292.56	1765.30	1789.38	0.00	0.00	0.00	
4400.00	50.00	80.59	3701.62	305.09	1840.88	1865.99	0.00	0.00	0.00	
4500.00	50.00	80.59	3765.90	317.61	1916.45	1942.59	0.00	0.00	0.00	
4600.00	50.00	80.59	3830.18	330.13	1992.02	2019.20	0.00	0.00	0.00	
4700.00	50.00	80.59	3894.46	342.66	2067.60	2095.80	0.00	0.00	0.00	
4800.00	50.00	80.59	3958.74	355.18	2143.17	2172.40	0.00	0.00	0.00	
4900.00	50.00	80.59	4023.02	367.71	2218.75	2249.01	0.00	0.00	0.00	
5000.00	50.00	80.59	4087.29	380.23	2294.32	2325.61	0.00	0.00	0.00	
5100.00	50.00	80.59	4151.57	392.76	2369.89	2402.22	0.00	0.00	0.00	
5189.34	50.00	80.59	4209.00	403.95	2437.41	2470.66	0.00	0.00	0.00	15-3 Target
5200.00	50.00	80.59	4215.85	405.28	2445.47	2478.82	0.00	0.00	0.00	
5300.00	50.00	80.59	4280.13	417.81	2521.04	2555.43	0.00	0.00	0.00	
5400.00	50.00	80.59	4344.41	430.33	2596.61	2632.03	0.00	0.00	0.00	
5500.00	50.00	80.59	4408.69	442.86	2672.19	2708.64	0.00	0.00	0.00	
5600.00	50.00	80.59	4472.97	455.38	2747.76	2785.24	0.00	0.00	0.00	
5700.00	50.00	80.59	4537.25	467.91	2823.33	2861.84	0.00	0.00	0.00	
5800.00	50.00	80.59	4601.52	480.43	2898.91	2938.45	0.00	0.00	0.00	
5811.63	50.00	80.59	4609.00	481.89	2907.70	2947.36	0.00	0.00	0.00	TD

# Weatherford International

## Planning Report

**Company:** Marion Energy  
**Field:** Carbon, Utah (UTM meters)  
**Site:** Kenilworth Railroad #15-3  
**Well:** Kenilworth Railroad #15-3  
**Wellpath:** 1

**Date:** 5/12/2006      **Time:** 16:20:32      **Page:** 4  
**Co-ordinate(NE) Reference:** Site: Kenilworth Railroad #15-3  
**Vertical (TVD) Reference:** SITE 0.0  
**Section (VS) Reference:** Well (0.00N,0.00E,80.59Azi)  
**Plan:** Plan #1

### Targets

Name	Description Dip.	Dir.	TVD ft	+N/-S ft	+E/-W ft	Map Northing m	Map Easting m	Latitude Deg Min Sec	Longitude Deg Min Sec
15-3 Target			4209.00	403.54	2434.38	4393194.00	517779.00	39 41 25.028 N	110 47 33.561 W
-Plan out by 3.05 at			4209.00	403.95	2437.41	4393194.12	517779.92	39 41 25.032 N	110 47 33.523 W

### Formations

MD ft	TVD ft	Formations	Lithology	Dip Angle deg	Dip Direction deg
2291.47	2225.00	Blue Gate		0.00	0.00
5189.34	4209.00	Ferron		0.00	0.00

### Annotation

MD ft	TVD ft	
800.00	800.00	SHL
3300.00	2994.56	KOP
5811.63	4609.00	End Build
		TD



April 13, 2006

1594 W. North Temple  
Suite 1201  
Salt lake City, UT  
84116

RE: Sundry Form 9

Dear Ms. Whitney

Please find enclosed the original executed copies of our Sundry Form 9's that Mark Jones has requested we submit for our recently submitted APD's. Mr. Jones felt that we needed further contact information regarding the surface owners at our well locations and suggested I fill out a Form 9 for each well outlining the contact information for American Electric Power.

If you require any further information, please do not hesitate to contact me at (972) 540-2967 ext. 3004 or email [bevans@marionenergy.com](mailto:bevans@marionenergy.com)

Sincerely,

Benjamin Evans  
Landman

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU-81161
2. NAME OF OPERATOR: Marion Energy Inc. (N2740)		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 S. Tennessee Ste 200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 539.52ft FSL 1291.21ft FEL SE/4 Section 16 13S-10E QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 13S 10E		8. WELL NAME and NUMBER: Kenilworth Railroad #15-3
PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731168
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Helper Field
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Additional APD Information
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Surface Owner Contact Information:

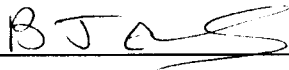
Company Name: American Electric Power

Address: 248 South Lake Drive  
Prestonsburg, KY, 41653

Telephone Number: (606) 889-3328

Contact Name: Mr. Nelson Kidder (President)

E-mail address: nlkidder@aep.com

NAME (PLEASE PRINT) Benjamin Evans	TITLE Landman
SIGNATURE 	DATE 4/13/06

(This space for State use only)

RECEIVED  
APR 14 2006



March 30, 2006

Diana Whitney  
State of Utah  
Division of Oil, Gas and Mining  
P.O. Box 145801  
Salt Lake City, UT 84114-5801

Re: Directional Drilling R649-3-11

Kenilworth Railroad #15-3: 539.52ft FSL 1291.21ft FEL SE/4 Section 16 13S-10E (Surface Location)  
943ft FSL 1143ft FWL /SW/4 Section 15 13S-10E (bottom hole)  
Carbon County, UT.

Dear Ms. Whitney

Pursuant to the filing of Marion Energy Inc. application for Permit to Drill the above referenced well on March 30<sup>th</sup> 2006, we are hereby submitting this letter in accordance with Oil and Gas Conservation Rule R649-3-11 pertaining to the exception to location and Siting of wells.

- The Kenilworth Railroad #15-3 well is located within the North Helper Prospect area.
- Marion Energy Inc. is permitting this well as a directional well in order to maximize drainage of the reservoir in a topographically challenging area.
- The concept of drilling Multiple directional wells from a single pad site will allow Marion Energy Inc. to minimize surface disturbance that would be otherwise cause by two or more separate pad sites. The Plan is to drill one directional and one vertical well from this pad location.
- Mid-Power Resource Corporation hereby certifies that it is the sole working interest owner within 460 feet of the entire directional well bore.

Therefore, based upon the above information Mid-Power Resource Corporation requests the permit be granted pursuant to R649-3-11.

Sincerely,

Benjamin Evans  
Landman  
Marion Energy Inc.

**Drilling Plan**  
**Mid-Power Resource Corporation**  
**Kenilworth Railroad #15-3**

1. Geologic Surface Formation
  - a. Quaternary

2. Estimated Tops

Name	TVD	MD	Production Phase
Blue Gate	2225ft	2292ft	Gas
Ferron	4209ft	5190ft	Gas
TD	4609ft	5812ft	Gas

3. Casing Program

- a. See Form #3 Section 24.

4. Operators Specifications for Pressure Control Equipment

- a. 2000 psi WP Double Gate BOP or Single Gate BOP (Schematic Attached).
  - b. Functional test daily.
  - c. All casing strings shall be pressure tested (0.2psi/foot or 1500 psi, whichever is greater) prior to drilling the plug after cementing; test pressure shall not exceed the internal yield pressure of the casing.
  - d. All ram-type preventers and related control equipment shall be tested at the rated working pressure of the stack assembly or at 70 percent of the minimum internal yield pressure of the casing, whichever is less. Tests shall be done at the time of installation, prior to drilling out, and weekly. All testes shall be for a period of 15 minutes.

5. Auxiliary Equipment

- a. Kelly Cock – Yes
  - b. Float at the bit – No
  - c. Monitoring Equipment on the mud system – visually
  - d. Full opening safety valve on rig floor – Yes
  - e. Rotating head – Yes
  - f. The blooie line shall be at least 6 inches in diameter and extend at least 100 feet from the well bore into the reserve/blooie pit.

- g. Blooie line ignition shall be provided by a continuous pilot (ignited when drilling below 500 feet).
- h. Compressor shall be tied directly to the blooie line through a manifold.
- i. A mistor with a continuous stream of water shall be installed near the end of the blooie lines for dust suppression.

6. Proposed Circulating Medium

Depth	Mud Type
0 to TD	Air / Mist

7. Testing, Logging, and Coring Program

- a. Cores – Possible core of Ferron Sand
- b. DST – None anticipated
- c. Logging – DIL-GR (TD to base of surface casing).
  - a. FDC-CNL-GR-Cal (TD to base of surface casing).
- d. Formation and Completion Interval: Ferron interval, final determination of completion will be made by analysis of logs.  
Simulation: Simulation will be designed for the particular area of interest as encountered.
- e. Frac gradient: Approximately 0.80 psi/ft.

8. Anticipated Cementing Program:

- a. See Form #3, Section 24.

Final cement volumes to be calculated from caliper log with an attempt to be made to circulate cement to the surface. A bond log will be run across the zone of interest and across zones as required by the authorized officer to insure protection of natural resources.

9. Anticipated Abnormal Pressures and Temperatures, Other Potential Hazards:

No abnormal temperatures or pressures are anticipated. No H<sub>2</sub>S has been encountered in or known to exist from previous wells drilled to similar depths in the general area. Maximum anticipated bottom hole pressure equals approximately 1500 psi (calculated 0.517 psi/ft) and maximum anticipated surface pressure equals approximately 862 psi (bottom hole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/ft).

Surface Use Plan  
Marion Energy Inc.  
Kenilworth Railroad #15-3

1. Existing Road:

- a. Topo Map 'A' is the vicinity map showing the field wide area.
- b. Topo Map 'B' shows the proposed access road to each well. It also shows existing roads in the immediate area.
- c. The existing and proposed access road, unless otherwise stated, shall be crowned, ditched, and dipped from the nearest improved road.
- d. Occasional maintenance blading and storm repairs will keep roads in good condition.
- e. There shall be no mud blading on the access road. Vehicles may be towed through the mud provided they stay on the roadway.

2. Planned Access Roads:

- a. Maximum grade will be 8% or less.
- b. No turnouts are required.
- c. Low water crossings to be placed in the proposed access road during drilling process and culverts may be installed at a later date.
- d. Road surface material will be that native to the area.
- e. No cattleguards are required.
- f. The proposed access road was flagged at the time the location was staked.
- g. The back slopes of the proposed access road will be no steeper than vertical or 1/2:1 in rock and 2:1 elsewhere.

3. Location of Existing Wells:

- a. See Topo Map 'B'

4. Location of Existing and/or Proposed Facilities:

- a. All Petroleum Production Facilities are to be contained within the proposed location sites.
- b. In the event that production of these wells is established, the following will be shown:
  - i. Proposed location and attendant lines, by flagging, if off well pad.
  - ii. Dimensions of facilities.
  - iii. Construction methods and materials.
- c. The area used to contain the proposed production facilities will be built using native materials. If these materials are not acceptable, then other arrangements will be made to acquire them from private sources. These facilities will be constructed using bulldozers, graders, and workman crews to construct and place the proposed facilities.
- d. All permanent facilities placed on the locations shall be painted a non-reflective color, which will blend with the natural environment.
- e. A dike shall be constructed around the tank battery, of sufficient capacity to adequately contain at least 110 percent of the storage capacity of the largest tank within the dike.
- f. All buried pipelines shall be covered to a depth of 3 feet except at road crossings where they shall be covered to a depth of 4 feet.

- g. Construction width of the right-of-way/pipeline route shall be restricted to 50 feet of disturbance.
- h. Pipeline location warning signs shall be installed within 90 days upon completion of construction.

5. Location and Water Supply:

- a. Any water to be used for the drilling of this well will be from the Price River Water Improvement District (an adjudicated industrial water source) and transported by a local trucking company (Nielson Construction).
- b. No water wells are to be drilled.

6. Source of Construction Materials:

- a. No construction materials are needed for drilling operations. In the event of production, the small amount of gravel needed for facilities will be hauled in by truck from a local gravel pit over existing access roads from the area. No special access other than for drilling operations and pipeline construction is needed.
- b. All access roads crossing BLM land is shown on Topo Map 'B'.
- c. All well pad surface disturbance areas are on fee lands.

7. Methods for Handling Waste Disposal:

- a. Drill cuttings will be buried in the reserve pit when covered.
- b. Drilling fluids will be contained in the reserve pit.
- c. Any hydrocarbon liquids produced while production testing will be contained in a test tank. Any unavoidable spills of oil or other adverse substances or materials will be removed immediately during drilling progress or during completion operations.
- d. Portable chemical toilets will be provided and services by a local commercial sanitary service.
- e. Garbage and trash will be collected in a trash cage and its contents hauled to a sanitary landfill. All wastes caused by the construction activities shall be promptly removed and disposed of in a sanitary landfill or as directed by the company representative.
- f. Prior to commencement of drilling, the reserve pit will be fenced on three sides using 39-inch net wire with at least one (1) strand of barbed wire. All wire is to be stretched before attaching to corner posts. When drilling activities are completed it will be fenced on the fourth side and allowed to dry (if liquids are present). After drying, the fences will be removed and the pits shall be buried. Reclamation will be undertaken no later than the fall of the year after all drilling activity has ceased.

8. Ancillary Facilities:

- a. No airstrips, camps, or other living facilities will be built off the locations. Housing and office trailers will be on the location as seen on the location layout.

9. Well Site Layout:

- a. See attached cut sheet.
- b. Company representatives will determine if the pit is to be lined, and if so, the type of material to be used.

- c. Topsoil shall be stripped to a depth of 4 to 6 inches and stockpiled as shown on the location layout plat.
- d. The back slopes of the locations will be no steeper than vertical or 1/2:1 in rock and 2:1 elsewhere.
- e. The upper edges of all cut banks on the access roads and well pads will be rounded.
- f. Catchment ponds to be placed as required to intercept drainage re-routes.

10. Plans for Restoration:

- a. Immediately upon completion, the location and surrounding area will be cleared of all debris, materials, trash and junk not required for production.
- b. Before any dirt work to restore the location takes place, the reserve pit must be completely dry. The reserve pit will be reclaimed within one (1) year from the date of well completion.
- c. All disturbed areas will be seeded with the mixture, which is found suitable by the Utah Division of Wildlife Resources and the landowner.
- d. The seedbed will be prepared by disking, following the natural contour. Drill seed on contour at a depth no greater than 1/2 inch. In areas that cannot be drilled, the seed will be broadcast at double the seeding rate and harrowed into soils. Certified seed is recommended.
- e. Fall seeding will be completed after September, and prior to prolonged ground frost.
- f. If the well is a producer, access roads will be upgraded and maintained as necessary to prevent soil erosion, and accommodate year round traffic. Areas unnecessary to operations will be reshaped, topsoil distributed, and seed distributed according to the above mixtures. Perennial vegetation would be established. Additional work may be required in case of seeding failures, etc.
- g. If the well is abandoned or is a dry hole, the access road and location will be restored to approximate the original contours. During reclamation of the site, the fill material will be pushed into cuts and up over the back slope. No depressions will be left that would trap water or form ponds. Topsoil will be distributed evenly over the location and seeded according to the above mixture. The access road and the location shall be ripped or disked prior to seeding. Perennial vegetation must be established. Additional work shall be required in case of seeding failures, etc.
- h. Annual or noxious weeds shall be controlled on all disturbed areas. Method of control shall be by an approved mechanical method or an Environmental Protection Agency (EPA) registered herbicide. All herbicide application will be in cooperation with Carbon County Weed Control personnel.

11. Other Information:

- a. Man uses the area for the primary purpose of grazing domestic livestock.
  - i. All activity shall cease when soils or road surfaces become saturated to a depth of three inches, unless otherwise approved by the company representative.
  - ii. If any fossils are discovered during construction, the operator shall cease construction immediately and notify the company representative so as to determine the significance of the discovery.
- b. A Class III cultural resource inventory was completed prior to disturbance by a qualified professional archaeologist.
- c. The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are

uncovered during construction, the operator is to immediately stop work that might further disturb such materials and contact the State Historic Preservation Office (SHPO). The SHPO Officer will outline (if any) what mitigation is appropriate.

- i. If the operator wished, at any time, to relocate activities to avoid the expense of mitigation and/or delays associate with this process, the SHPO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The SHPO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the State that the required mitigation has been completed, the operator will be allowed to resume construction.
- d. Less than 10,000 pounds of any chemical(s) from the EPA's Consolidated list of Chemicals Subject to Reporting Under Title III of the Superfund Amendments and Reauthorization Act (SARA) of 1986, and less then threshold planning quantity (TPQ) of any extremely hazardous substance(s), as defined in 40 CFR, would be used, produced, transported, stored, disposed, or associated with the proposed action.

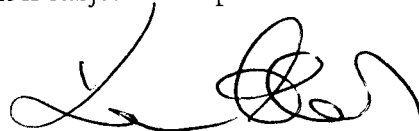
12. Lessee's or Operator's Representative:

Marion Energy, Inc.  
Mr. Keri Clarke  
119. South Tennessee, Suite 200  
McKinney, Texas, 75069  
(972) 540-2967

13. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site(s) and access route(s); that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Marion Energy, Inc. and its contractors and subcontractors in conformity with the plan and the terms and conditions under which it is approved.

This statement is subject to the provision of 18 U.S.C. 1001 for the filing of a false statement.



Keri Clarke  
Company Representative

3-71-06

Date



## United States Department of the Interior

### BUREAU OF LAND MANAGEMENT

Utah State Office  
P.O. Box 45155  
Salt Lake City, UT 84145-0155  
www.ut.blm.gov

MAY 04 2005

IN REPLY REFER TO:  
3104  
(UT-924)

### DECISION

Principal:	:	
Marion Energy Inc.	:	Bond Amount: \$25,000
119 S. Tennessee, Suite 200	:	
McKinney, TX 75069	:	Bond Type: Statewide
	:	
Surety:	:	Bond Surety No.: B001632
U. S. Specialty Insurance Company	:	
13403 Northwest Freeway	:	BLM Bond No.: UTB000179
Houston, TX 77040	:	

### Statewide Oil and Gas Surety Bond Accepted

On April 12, 2005, this office received a \$25,000 statewide oil and gas bond for the principal named above. The bond has been examined, found satisfactory, and is accepted effective the date of filing.

The bond constitutes coverage of all operations conducted by the principal on Federal leases in Utah. The bond provides coverage for the principal where that principal has interest, and or responsibility for operations on, leases issued under the authority of any of the Acts cited on the bond form. Please note that Federal leases do not include Indian leases.

The bond will be maintained by this office. Termination of liability under the bond will be permitted only after this office is satisfied that there are no outstanding liabilities against the bond or until a satisfactory replacement bond is furnished.

Terry Catlin  
Acting Chief, Branch of  
Fluid Minerals

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Bond Number

B001632

**OIL AND GAS OR GEOTHERMAL LEASE BOND**

Act of February 25, 1920 (30 U.S.C. 181 et seq.)  
Act of August 7, 1947 (30 U.S.C. 351-359)  
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)  
Act of December 24, 1970 (30 U.S.C. 1001-1025)  
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Lease Serial Number (For Individual Bond Only)

CHECK ONE: ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE:

☒ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT Marion Energy Inc.

(name)

of 119 S. Tennessee, Suite 200, McKinney, Texas 75069

(address)

as principal, and U.S. Specialty Insurance Company

(name)

of 13403 Northwest Freeway, Houston, Texas 77040

(address)

, as surety,

are held and firmly bound unto the United States of America in the sum of Twenty-five Thousand and no/100

dollars (\$ 25,000.00 ),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☐ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That \_\_\_\_\_

(name)

of \_\_\_\_\_, as principal, is held and firmly

(address)

bound unto the United States of America in the sum of \_\_\_\_\_

dollars (\$ \_\_\_\_\_ ), lawful money of the United States which sum may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States, (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

☐ **NATIONWIDE BOND** — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations

☒ **STATEWIDE BOND** — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of Utah

☐ **INDIVIDUAL BOND** — Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

**NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND** — This bond shall cover

☐ **NPR-A LEASE BOND** — The terms and conditions of a single lease

☐ **NPR-A WIDE BOND** — The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations

(Continued on reverse)

# BOND CONDITIONS

The conditions of the foregoing obligations are such that

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond, and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include

a. Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b. Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s), and

c. Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond, and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond, and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding. Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon, and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding.

a. Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s), and

b. Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal, and

c. Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of oper-

ations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise, and

d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s); and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond, and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner, and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s), and

9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE If said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void, otherwise to remain in full force and effect.

Signed this 7th day of April, 2005, in the presence of

## NAMES AND ADDRESSES OF WITNESSES

B. J. Evans (MARION ENERGY)  
R. C. Evans (MARION ENERGY)

Molly Battenfield (Battenfield)

Diane E. Carey (Diane E. Carey)

If this bond is executed by a corporation, it must bear the seal of that corporation

Marion Energy Inc.

(Principal) (L.S.)

119 S. Tennessee, Suite 200, McKinney, Texas 75069

(Business Address) (L.S.)

W. Russell Brown, Jr., Attorney-in-Fact (Surety) U.S. Specialty Insurance Company

13403 Northwest Freeway, Houston, Texas 77040

(Business Address)

**Important Notice Regarding  
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

**YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.**

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# POWER OF ATTORNEY

PA001632

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

**Know All Men by These Presents** That, **U. S. SPECIALTY INSURANCE COMPANY** (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000)** and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

**In Witness Whereof**, **U. S. SPECIALTY INSURANCE COMPANY** has caused these presents to be signed by its **Executive Vice President**, and its corporate seal to be hereto affixed this 15<sup>th</sup> day of March, 2005.

Corporate Seal

**U. S. SPECIALTY INSURANCE COMPANY**  
By

State of Texas

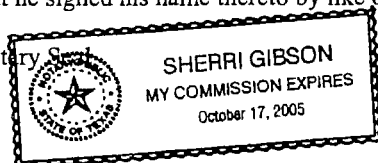
County of Harris

ss:

**Edward H. Ellis, Jr., Executive Vice President**

On this 15<sup>th</sup> day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



*Sherrri Gibson*, Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 7th day of April, 2005.

Corporate Seal

*Christopher L. Martin*  
Christopher L. Martin, Secretary

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 4A

Bond No. B001617

SURETY BOND

KNOW ALL MEN BY THESE PRESENTS:

That we (operator name) Marion Energy Inc. as Principal,  
and

(surety name) U.S. Specialty Insurance Company as Surety, duly authorized  
and qualified to do business in the State of Utah, are held and firmly bound unto the State of Utah in the sum of:

One Hundred Fifty Thousand and no/100 dollars (\$ \$150,000.00 )  
lawful money of the United States, payable to the Director of the Division of Oil, Gas and Mining, as agent of the State of Utah, for the use and  
benefit of the State of Utah for the faithful payment of which we bind ourselves, our heirs, executors, administrators and successors, jointly and  
severally by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, WHEREAS the Principal is or will be engaged in the drilling, redrilling, deepening,  
repairing, operating, and plugging and abandonment of a well or wells and restoring the well site or sites in the State of Utah for the purposes of  
oil or gas production and/or the injection and disposal of fluids in connection therewith for the following described land or well:

☒ Blanket Bond: To cover all wells drilled in the State of Utah

☐ Individual Bond: Well No: \_\_\_\_\_  
Section: \_\_\_\_\_ Township: \_\_\_\_\_ Range: \_\_\_\_\_  
County: \_\_\_\_\_, Utah

NOW, THEREFORE, if the above bounden Principal shall comply with all the provisions of the laws of the State of Utah and the rules, orders and  
requirements of the Board of Oil, Gas and Mining of the State of Utah, including, but not limited to the proper plugging and abandonment of wells  
and well site restoration, then this obligation is void; otherwise, the same shall be and remain in full force and effect.

IN TESTIMONY WHEREOF, said Principal has hereunto subscribed its name and has caused this instrument to be signed by its duly authorized  
officers and its corporate or notary seal to be affixed this

31 day of March, 20 05.

(Corporate or Notary Seal here)



Attestee: Mary Lou Holder Date: 4/5/05

Marion Energy Inc.

Principal (company name)

By

KERI CLARKE VICE PRESIDENT LAND  
Name (print) Title

[Signature]

Signature

IN TESTIMONY WHEREOF, said Surety has caused this instrument to be signed by its duly authorized officers and its corporate or notary seal  
to be affixed this

31 day of March, 20 05.

(Corporate or Notary Seal here)

Attestee: [Signature] Date: 3/31/05

U.S. Specialty Insurance Company

Surety Company (Attach Power of Attorney)

By

Edwin H. Frank, III Attorney-in-Fact  
Name (print) Title

[Signature]

Signature

13403 Northwest Freeway

Surety Mailing Address

Houston

Texas

77040

City

State

Zip

**Important Notice Regarding  
Terrorism Risk Insurance Act of 2002**

In accordance with the Terrorism Risk Insurance Act of 2002 (the "Act"), this disclosure notice is provided for surety bonds on which U.S. Specialty Insurance Company is the issuing surety.

The premium attributable to any bond coverage for "acts of terrorism" as defined in Section 102(1) of the Act is Zero Dollars (\$0.00).

The United States will reimburse the Issuing Sureties for ninety percent (90%) of any covered losses from terrorist acts certified under the Act exceeding the applicable surety deductible.

The actual coverage provided by your bond for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, penalties, limits, other provisions of your bond and the underlying contract, any endorsements to the bond and generally applicable rules of law. This Important Notice Regarding Terrorism Insurance Risk Act of 2002 is for informational purposes only and does not create coverage nor become a part or condition of the attached document.

**YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY, IF WRITTEN, FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM, WILL BE EXCLUDED IF THE U.S. GOVERNMENT FAILS TO ENACT AN EXTENSION TO TRIA OR ENACTS CHANGES TO TRIA THAT SUBSTANTIALLY CHANGE THE RISK OF LOSS THAT AN INSURER OR POLICYHOLDER HAS ASSUMED.**

The rest of this page is intentionally left blank.

# POWER OF ATTORNEY

PA001617

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

**Know All Men by These Presents** That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

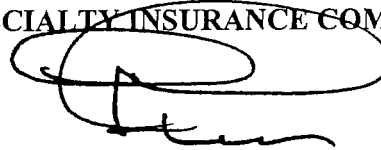
*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

**In Witness Whereof**, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15<sup>th</sup> day of March, 2005.

Corporate Seal

**U. S. SPECIALTY INSURANCE COMPANY**

By



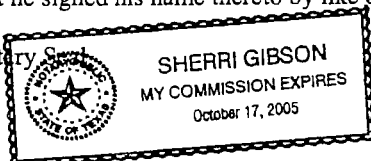
**Edward H. Ellis, Jr., Executive Vice President**


State of Texas

County of Harris ss:

On this 15<sup>th</sup> day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



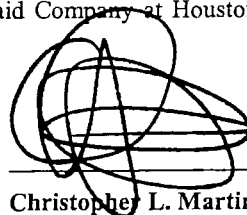
 Notary Public

My commission expires 10-17-05

I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 31<sup>st</sup> day of March, 2005.

Corporate Seal



**Christopher L. Martin, Secretary**

Bond No. B001617R04-05-05

RECEIVED

APR 06 2005

SURETY RIDER

DIV. OF OIL, GAS &amp; MINING

To be attached to and form a part of Bond No. B001617 on behalf of  
Marion Energy Inc., as principal and executed by  
U.S. Specialty Insurance Company, as surety.

Effective date of bond: March 31, 2005Effective date of change: March 31, 2005

In consideration of the mutual agreement herein contained, the principal and  
the surety hereby consent to the following changes:

The penalty amount of the bond has changed from:

\$150,000.00

TO:

\$120,000.00

Nothing herein contained shall vary, alter, or extend any provision or  
condition of this bond except as herein expressly stated.

SIGNED, SEALED AND DATED THIS: April 5, 2005

State of Utah

Dept. of Natural Resources

Division of Oil, Gas and Mining

Name of Obligee

Earlene Russell

Signature

EARLENE RUSSELL

ENGINEERING TECHNICIAN, BONDING

Name and title of person  
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.

Signature

W. Russell Brown, Jr. Attorney-in-Fact

Name and title of person  
executing for Surety

Bond No. B001617R04-05-05

RECEIVED

APR 06 2005

**SURETY RIDER**

DIV. OF OIL, GAS & MINING

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**TO:**

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SIGNED, SEALED AND DATED THIS: April 5, 2005

State of Utah

Dept. of Natural Resources

Division of Oil, Gas and Mining

Name of Obligee

Earlene Russell

Signature

EARLENE RUSSELL

ENGINEERING TECHNICIAN, BONDING

Name and title of person  
executing for Principal

U.S. Specialty Insurance Company

Name of Surety

W. Russell Brown, Jr.

Signature

W. Russell Brown, Jr. Attorney-in-Fact

Name and title of person  
executing for Surety

# POWER OF ATTORNEY

PA001617

(To be used with bonds issued on behalf of U. S. SPECIALTY INSURANCE COMPANY)

**Know All Men by These Presents** That, U. S. SPECIALTY INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

**Edwin H. Frank III, W. Russell Brown, Jr.**

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed Three Million Dollars (\$3,000,000) and to bind the Company thereby as fully and to the same extent as if such bonds were signed by the Executive Vice President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming that the said Attorney-in-Fact may do in the premises. Said appointment is made under and by authority of the following resolutions of the Board of Directors of the U. S. Specialty Insurance Company:

*Be it Resolved*, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

*Attorney-in-Fact* may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

*Be it Resolved*, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. (Adopted by unanimous written consent in lieu of meeting on July 7, 2003.)

**In Witness Whereof**, U. S. SPECIALTY INSURANCE COMPANY has caused these presents to be signed by its Executive Vice President, and its corporate seal to be hereto affixed this 15<sup>th</sup> day of March, 2005.

Corporate Seal

U. S. SPECIALTY INSURANCE COMPANY  
By



State of Texas

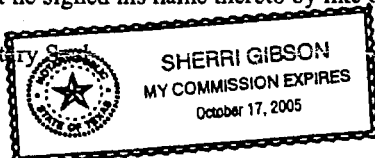
County of Harris


ss:

Edward H. Ellis, Jr., Executive Vice President

On this 15<sup>th</sup> day of March, 2005 before me personally came Edward H. Ellis, Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is Executive Vice President of U. S. SPECIALTY INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

Notary Seal



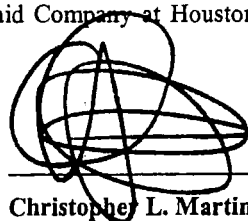
 Notary Public

My commission expires 10-17-05

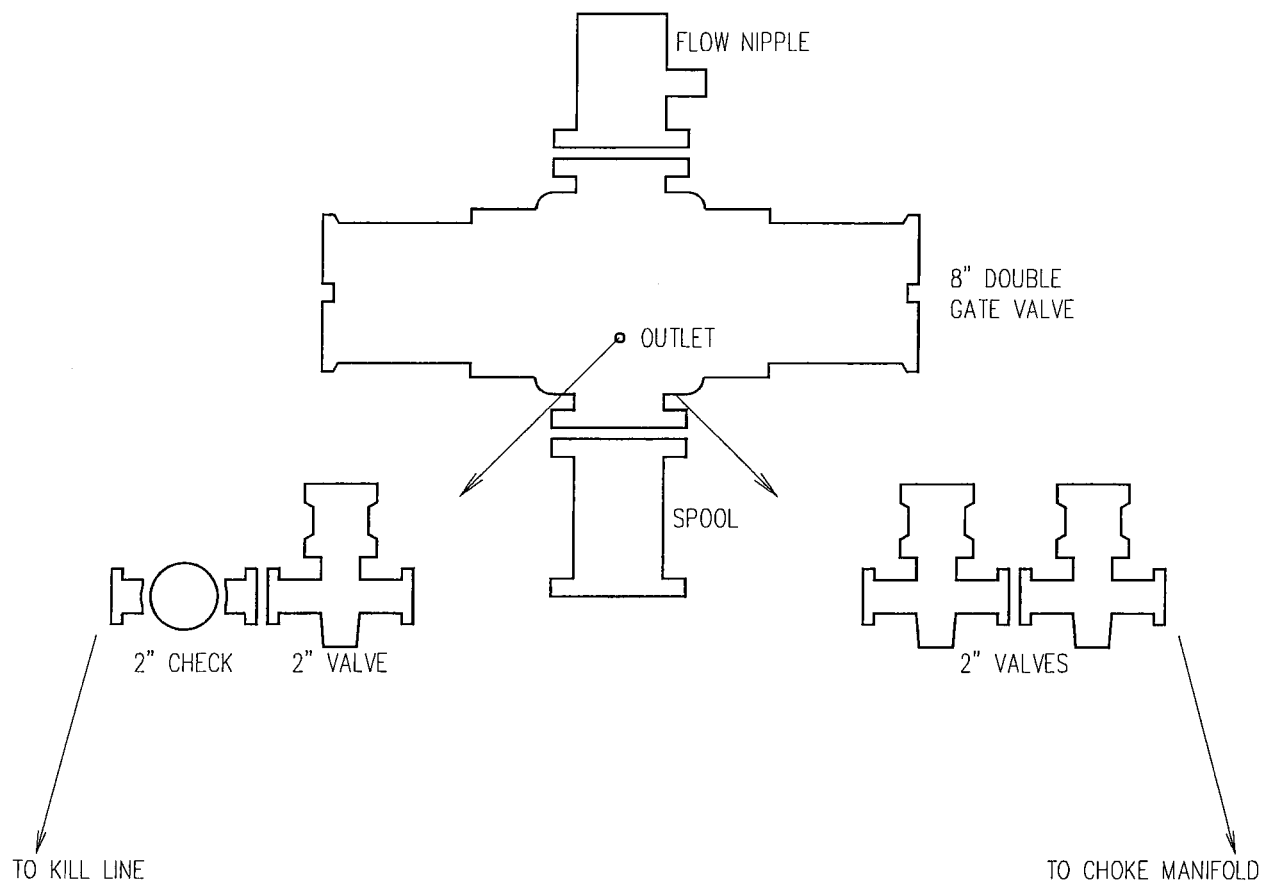
I, Christopher L. Martin, Secretary of U. S. SPECIALTY INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of said Company at Houston, Texas this 31<sup>st</sup> day of March, 2005.


Corporate Seal



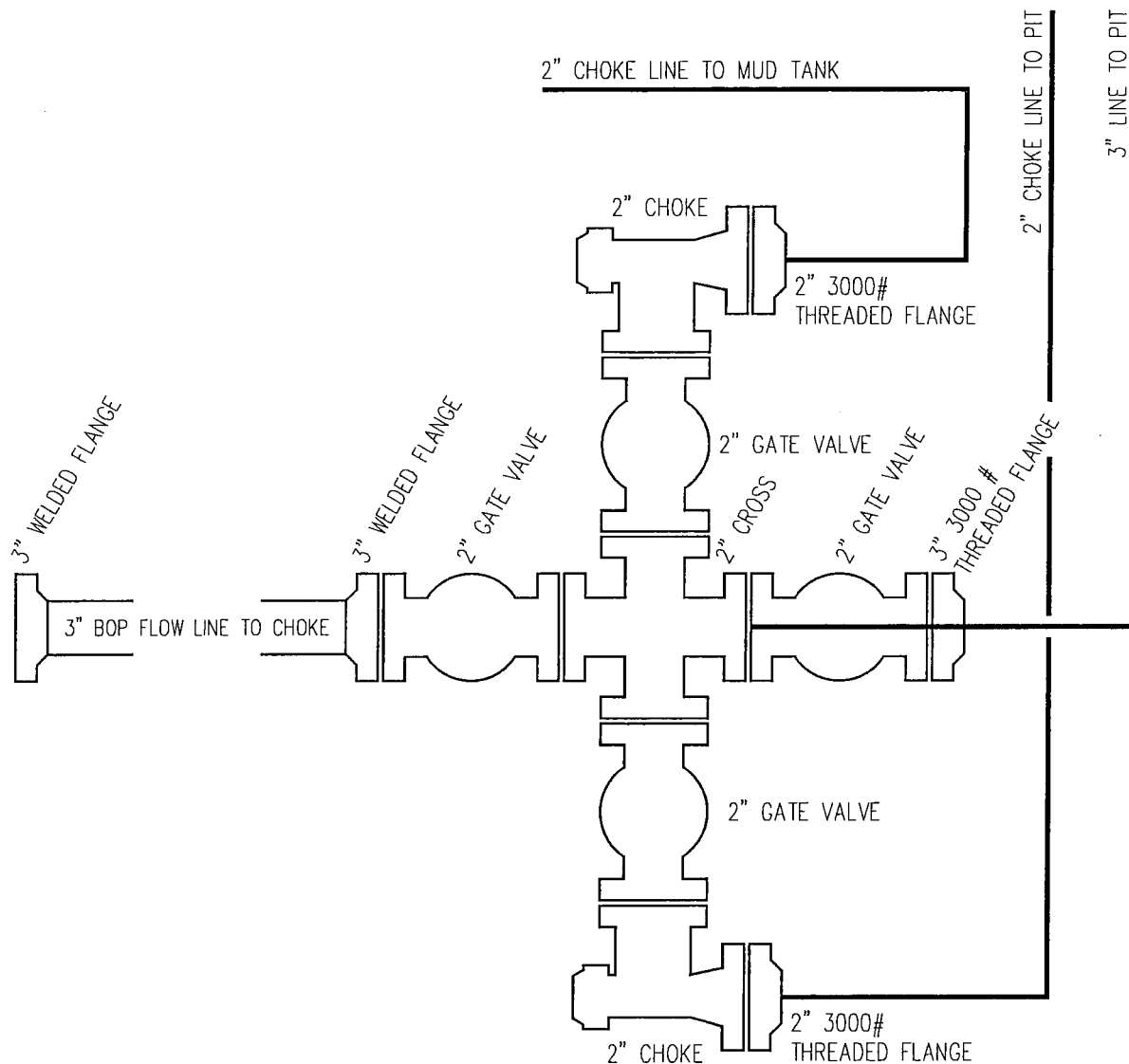
Christopher L. Martin, Secretary



REVISIONS		
#	DATE	BY

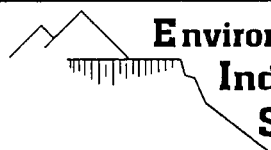

**Environmental Industrial Services**  
*Environmental & Engineering Consulting*  
 31 NORTH MAIN STREET  
 (435) 472-3814 HELPER, UTAH 84526

<b>MARION ENERGY, INC.</b>		
119 SOUTH TENNESSEE #200 McKINNEY, TEXAS		
DRAWING NAME:	TYPICAL RIG	
DRAWN BY:	PJJ	SCALE: NONE
APPROVED BY:	EIS	DATE: 10/17/05
	SHEET:	FIGURE 2



# REVISIONS

#	DATE	BY



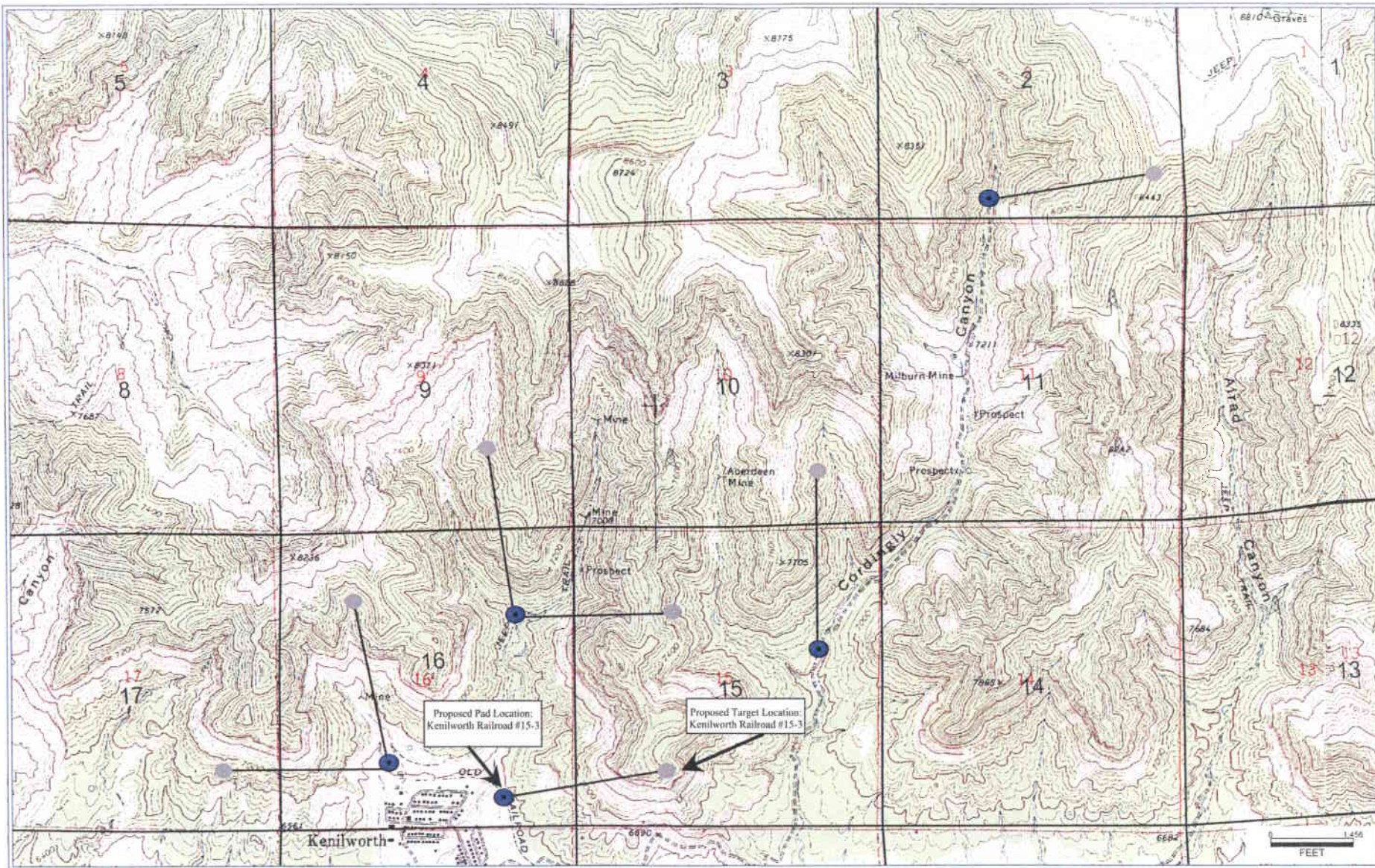
## Environmental Industrial Services

Environmental & Engineering Consulting  
31 NORTH MAIN STREET  
(435) 472-3814 HELPER, UTAH 84526

## MARION ENERGY, INC.

119 SOUTH TENNESSEE #200  
MCKINNEY, TEXAS

DRAWING NAME:	TYPICAL RIG		
DRAWN BY:	PJJ	SCALE:	NONE
APPROVED BY:	EIS	DATE:	10/17/05
		SHEET:	FIGURE 1



### LEGEND

- |  |                            |  |                                      |
|--|----------------------------|--|--------------------------------------|
|  | Proposed Target Location   |  | Existing Pad                         |
|  | Proposed Pad Location      |  | Existing Directional Target Location |
|  | Proposed Vertical Location |  |                                      |



### Marion Energy Inc.

Directional Well - Kenilworth Railroad #15-3  
 SE Section 16 T. 13S., R 10 E., S.L.B.  
 Surface Location: 539.52ft FSL 1291.21ft FEL  
 SW Section 15 T. 13S., R 10 E., S.L.B.  
 Target Location: 943ft FSL 1143ft FWL



Marion Energy Inc.

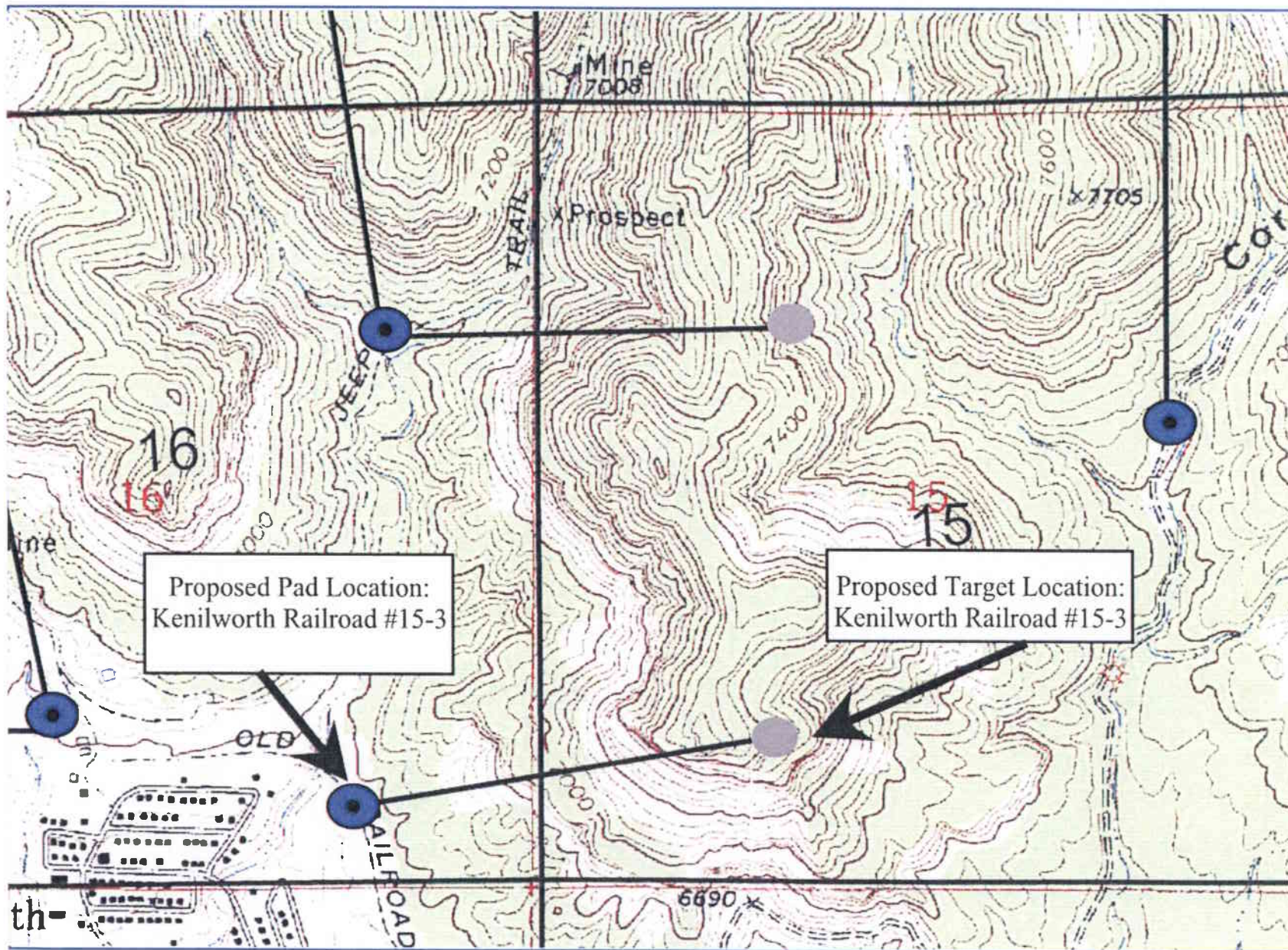
119. S. Tennessee Suite 200  
 McKinney, TX, 75069  
 Tel: (972) 540-2967  
 Fax: (972) 547-0442

### Topographic Map

Created on March 23rd 2006

Created by John Pinkerton

Revised: MM-DD-YY



#### LEGEND

- |                              |  |
|------------------------------|--|
| ● Proposed Target Location   | ● Existing Pad                         |
| ● Proposed Pad Location      | ● Existing Directional Target Location |
| ● Proposed Vertical Location |  |

**B**  
TOPO

#### Marion Energy Inc.

Directional Well -Kenilworth Railroad #15-3  
SE Section 16 T. 13S., R 10 E., S.L.B.  
Surface Location: 514ft FSL 1290ft FEL  
SW Section 15 T. 13S., R 10 E., S.L.B.  
Target Location: 943ft FSL 1143ft FWL



Marion Energy Inc.

119, S. Tennessee Suite 200  
McKinney, TX. 75069  
Tel: (972) 540-2967  
Fax: (972) 547-0442

#### Topographic Map

Created on March 23rd 2006

Created by John Pinkerton

Revised: MM-DD-YY

Existing  
Pit Area

Existing  
Pit Bridge

EXISTING ROAD

Existing  
Kenilworth  
Railroad #1  
Elev: 6575.3'

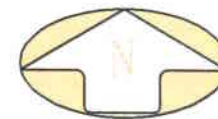
Kenilworth  
Railroad #15-3  
Elev: 6577.7'

SEPARATOR

EXISTING PAD  
PERIMETER

EXISTING  
4' CAN

EXISTING ROAD



**TALON RESOURCES, INC.**

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

E-Mail talonsetv.net

 **Marion Energy Inc.**

**LOCATION LAYOUT**

**Section 16, T13S, R10E, S.L.B.&M.**

**Kenilworth Railroad #15-3**

Drawn By:  
**N. BUTKOVICH**

Checked By:  
**L.W.J.**

Drawing No.

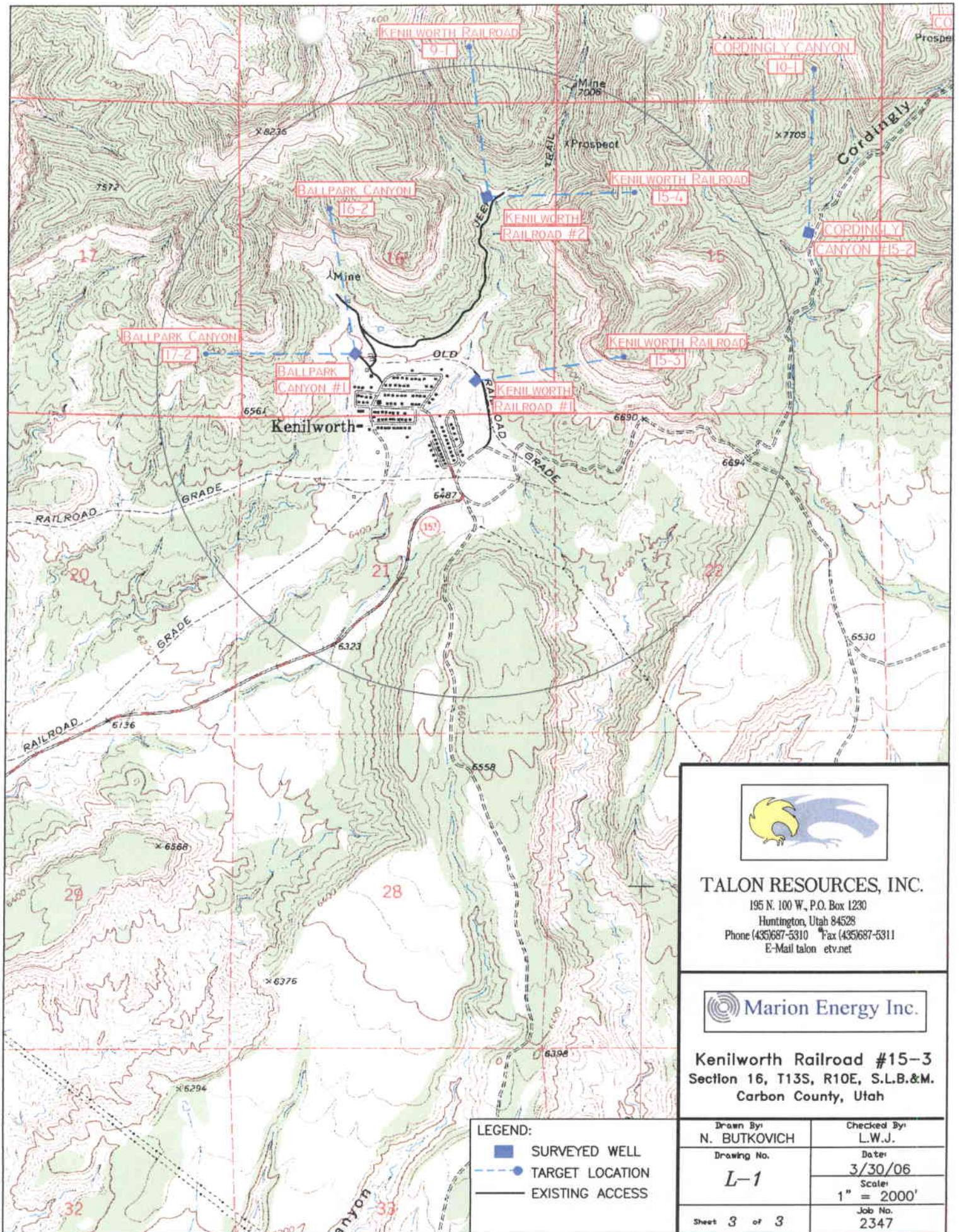
**A-2**

Date:  
**3/27/06**

Scale:  
**1" = 50'**

Sheet **2** of **3**

Job No.  
**2347**



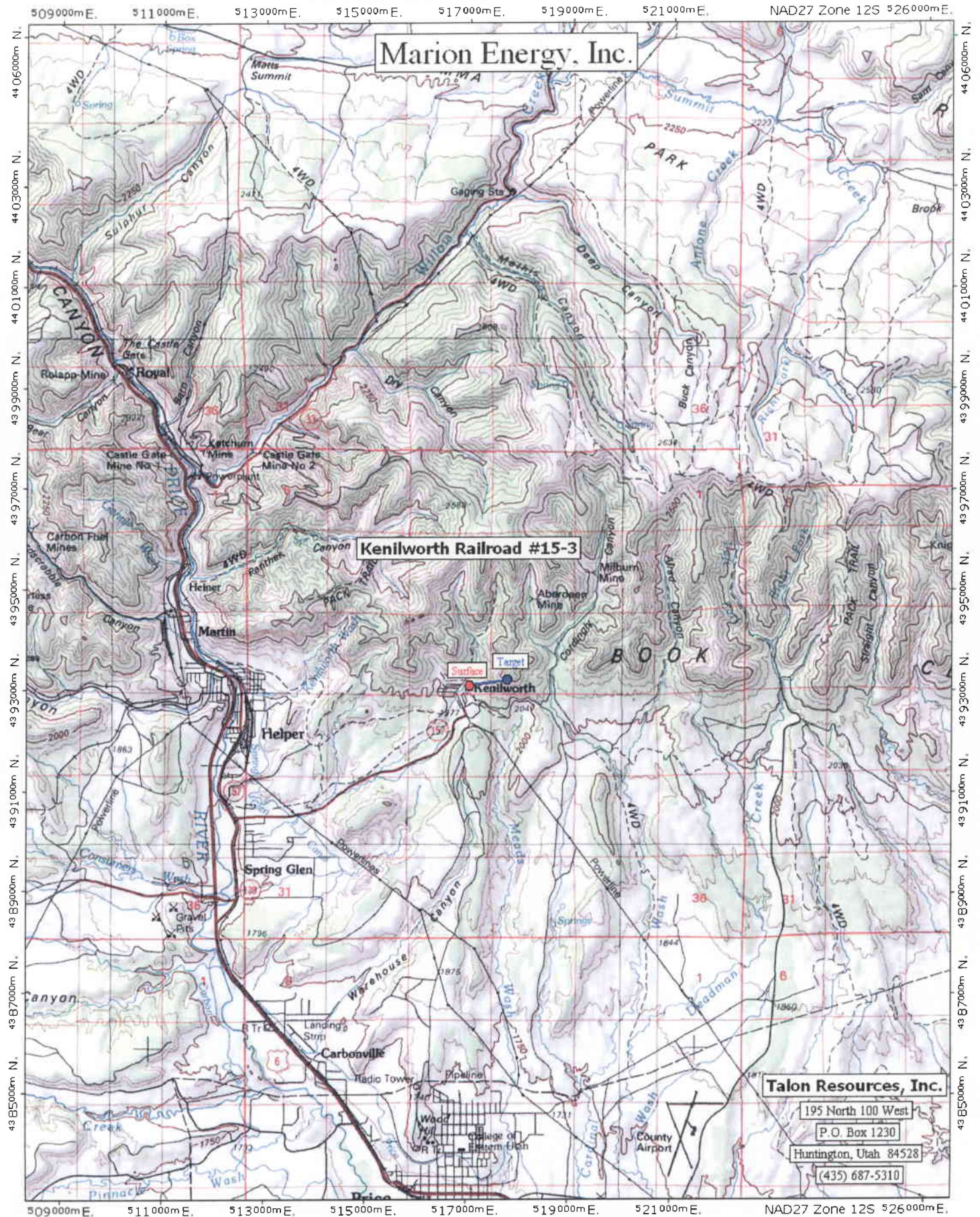
# **TALON RESOURCES, INC.**

195 N. 100 W., P.O. Box 1230  
Huntington, Utah 84528  
Phone (435)687-5310 Fax (435)687-5311  
E-Mail talon etv.net



**Kenilworth Railroad #15-3**  
**Section 16, T13S, R10E, S.L.B.&M.**  
**Carbon County, Utah**

Drawn By: N. BUTKOVICH	Checked By: L.W.J.
Drawing No. <b>L-1</b>	Date: 3/30/06
	Scale: 1" = 2000'
Sheet 3 of 3	Job No. 2347



**WORKSHEET**  
**APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 04/04/2006

API NO. ASSIGNED: 43-007-31168

WELL NAME: KENILWORTH RAILROAD 15-3  
OPERATOR: MARION ENERGY INC ( N2740 )  
CONTACT: KERI CLARKE

PHONE NUMBER: 972-540-2967

PROPOSED LOCATION:

SESE 16 130S 100E  
SURFACE: 0539 FSL 1291 FEL  
BOTTOM: 0943 FSL 1143 FWL Sec 15  
COUNTY: CARBON  
LATITUDE: 39.68967 LONGITUDE: -110.8015  
UTM SURF EASTINGS: 517021 NORTHINGS: 4393124  
FIELD NAME: HELPER ( 18 )

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 1 - Federal  
LEASE NUMBER: UTU-81161  
SURFACE OWNER: 4 - Fee

PROPOSED FORMATION: FRSD  
COALBED METHANE WELL? YES

RECEIVED AND/OR REVIEWED:

☒ Plat  
☒ Bond: Fed[1] Ind[] Sta[] Fee[]  
(No. B001632 )  
☒ Potash (Y/N)  
☒ Oil Shale 190-5 (B) or 190-3 or 190-13  
☒ Water Permit  
(No. PRRV )  
☒ RDCC Review (Y/N)  
(Date: )  
☒ Fee Surf Agreement (Y/N)  
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

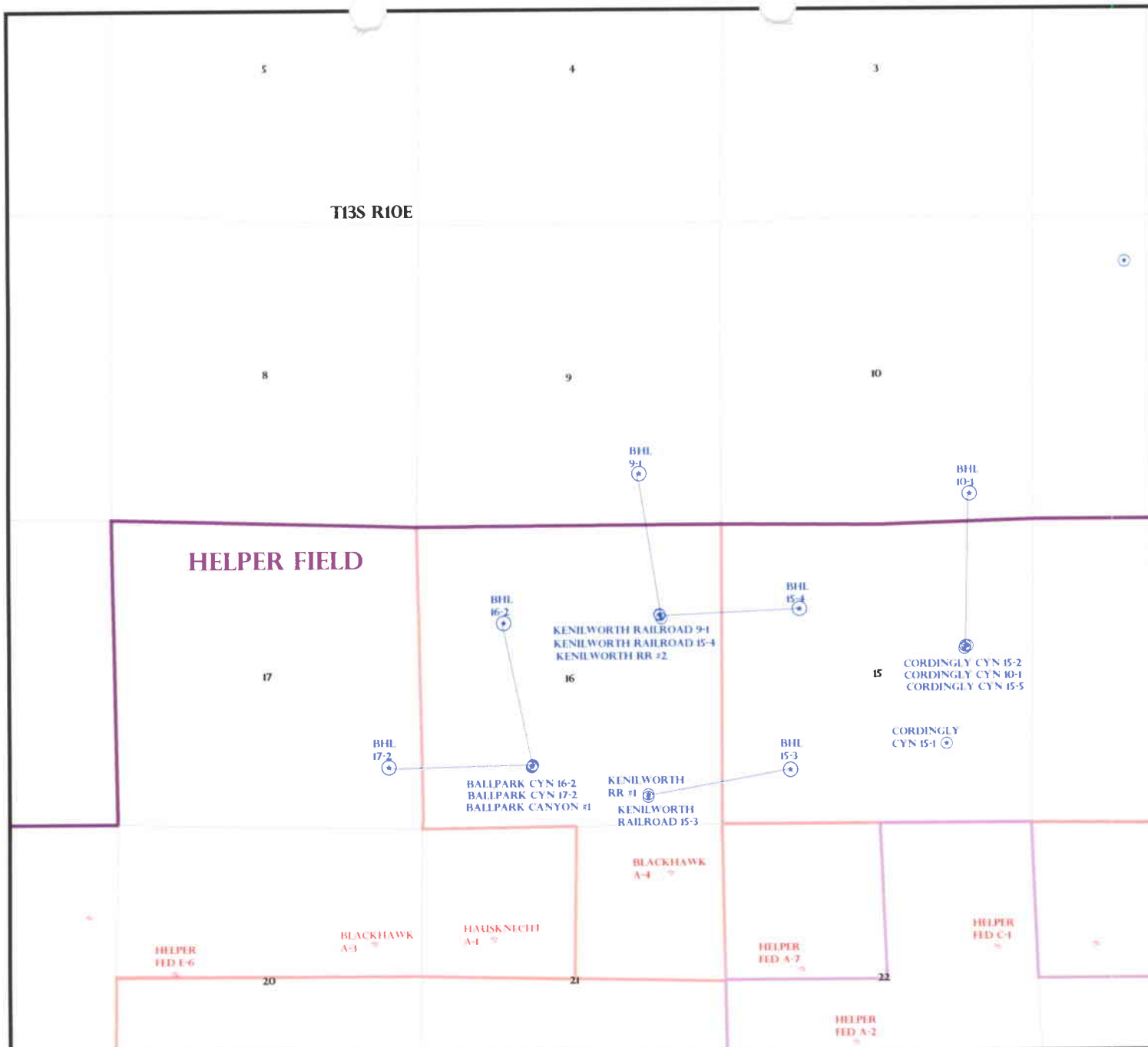
     R649-2-3.  
Unit: \_\_\_\_\_  
     R649-3-2. General  
Siting: 460 From Qtr/Qtr & 920' Between Wells  
     R649-3-3. Exception  
     Drilling Unit  
Board Cause No: \_\_\_\_\_  
Eff Date: \_\_\_\_\_  
Siting: \_\_\_\_\_  
☒ R649-3-11. Directional Drill

COMMENTS:

Needs Permit (04-25-06)

STIPULATIONS:

1. Lease Approval  
2. Spacing Strip  
3. STATEMENT OF BASIS



OPERATOR: MARION ENERGY INC (N2740)

SEC: 15,16 T. 13S R. 10E

FIELD: HELPER FIELD (18)

COUNTY: CARBON

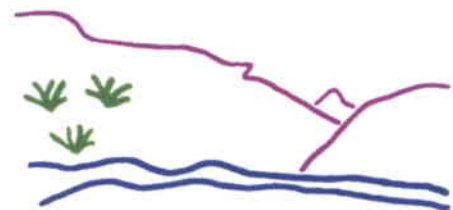
SPACING: R649-3-11 / DIRECTIONAL DRILLING

**Field Status**  
 ABANDONED  
 ACTIVE  
 COMBINED  
 INACTIVE  
 PROPOSED  
 STORAGE  
 TERMINATED

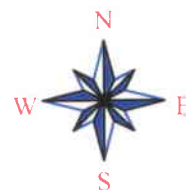
**Unit Status**  
 EXPLORATORY  
 GAS STORAGE  
 NF PP OIL  
 NF SECONDARY  
 PENDING  
 PI OIL  
 PP GAS  
 PP GEOTHERML  
 PP OIL  
 SECONDARY  
 TERMINATED

#### Wells Status

GAS INJECTION  
 GAS STORAGE  
 LOCATION ABANDONED  
 NEW LOCATION  
 PLUGGED & ABANDONED  
 PRODUCING GAS  
 PRODUCING OIL  
 SHUT-IN GAS  
 SHUT-IN OIL  
 TEMP. ABANDONED  
 TEST WELL  
 WATER INJECTION  
 WATER SUPPLY  
 WATER DISPOSAL  
 DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA WHITNEY  
 DATE: 13-APRIL-2006

**DIVISION OF OIL, GAS AND MINING**  
**APPLICATION FOR PERMIT TO DRILL**  
**STATEMENT OF BASIS**

**OPERATOR:** Marion Energy Inc.  
**WELL NAME & NUMBER:** Kenilworth Railroad 15-3  
**API NUMBER:** 43-007-31168  
**LOCATION:** 1/4, 1/4 SESE Sec: 16 TWP: 13 S RNG: 10 E 539 FSL 1291 FEL

**Geology/Ground Water:**

The proposed well is located on a federal mineral lease. The BLM will be the agency responsible for evaluating and approving the proposed drilling, casing and cement programs.

**Reviewer:** Brad Hill **Date:** 05/09/06

**Surface:**

Proposed location is ~800 feet east of Kenilworth, Carbon County, Utah. The immediate area surrounding the proposed well is mining activities, and grazing and wildlife habitat. Location is staked on property owned by American Electric Power in close proximity to the location of the old train-loading tipple of the old Kenilworth mine. Access to this well will be along existing County maintained roads, existing Anadarko and Marion gas field roads, and upgraded two-track roads. The direct area drains to the south into dry wash drainages, eventually making its way into the Price River, a year-round live water source, ~3.5 miles southwest. Dry washes are common throughout the area. Other issues talked about were; location layout, lining the reserve pit, watershed and runoff control, access and right-of-ways, as well as concerns and potential concerns of nearby residents. M. Jones (DOGM), Doug Endsley, Erik Norton, Scott Jacoby, Ben Evans (Marion), Gayla Williams (Carbon County), Nelson Kidder and Tonya Hammond (AEP) were in attendance during the pre-site inspection. The BLM was invited but chose not to attend.

**Reviewer:** Mark L. Jones **Date:** May 5, 2006

**Conditions of Approval/Application for Permit to Drill:**

1. Existing reserve pit liner and garbage in reserve pit shall be removed and disposed of at an approved facility. A new liner (12 mil. minimum) shall be installed prior to spudding this well.

**ON-SITE PREDRILL EVALUATION**  
**Division of Oil, Gas and Mining**

OPERATOR: Marion Energy Inc.  
WELL NAME & NUMBER: Kenilworth RR 15-3  
API NUMBER: 43-007-31168  
LEASE: Federal FIELD/UNIT:  
LOCATION: 1/4, 1/4 SESE Sec: 16 TWP: 13S RNG: 10E 539 FSL 1291 FEL  
LEGAL WELL SITING: 460 F SEC. LINE; 460 F 1/4, 1/4 LINE; 920 F ANOTHER WELL.  
GPS COORD (UTM): X= 517037 E; Y= 4393071 N SURFACE OWNER: American Electric Power.

**PARTICIPANTS**

M. Jones (DOGM), Doug Endsley, Erik Norton, Scott Jacoby, Ben Evans (Marion), Gayla Williams (Carbon County), Nelson Kidder and Tonya Hammond (AEP) were in attendance during the pre-site inspection. The BLM was invited but chose not to attend.

**REGIONAL/LOCAL SETTING & TOPOGRAPHY**

Proposed location is ~800 feet east of Kenilworth, Carbon County, Utah. The immediate area surrounding the proposed well is mining activities, and grazing and wildlife habitat. Location is staked on property owned by American Electric Power in close proximity to the location of the old train-loading tippie of the old Kenilworth mine. Access to this well will be along existing County maintained roads, existing Anadarko and Marion gas field roads, and upgraded two-track roads. The direct area drains to the south into dry wash drainages, eventually making its way into the Price River, a year-round live water source, ~3.5 miles southwest. Dry washes are common throughout the area.

**SURFACE USE PLAN**

CURRENT SURFACE USE: Mining, grazing and wildlife habitat.

PROPOSED SURFACE DISTURBANCE: 140' x 160' w/ 30' x 80' x 10' included pit.

LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS: 8 producing, proposed, shut-in, injection, and/or PA wells are within a 1 mile radius of the above proposed well.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: On location and along roadway.

SOURCE OF CONSTRUCTION MATERIAL: Obtained locally and trucked to site.

ANCILLARY FACILITIES: None anticipated.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS? (EXPLAIN): Noise due to amphitheatre affect off of the cliffs behind Kenilworth town has been a voiced concern from townspeople. Locals have voiced their concerns and objections due to the relative closeness to

town of the access roads and well sites. I have not heard much in the way of comments or concerns from locals regarding the Anadarko Petroleum wells also located in close proximity to the town-site. I feel this has been due to their willingness to work with the community and the fact that they are sensitive to the concerns and potential concerns the community has had or might have in the future.

#### **WASTE MANAGEMENT PLAN:**

Garbage - All garbage will be removed from site and disposed at the appropriate disposal facility.

Reserve pit contents - ECDC Environmental of Carbon County. Will haul and test as necessary all contents of reserve pit.

Produced Water - Will be hauled from site and disposed of in the appropriate disposal facility, unless agreements with other operators can be made to dispose produced water in existing disposal well.

Sanitation Facilities - Will be supplied and cleaned as necessary during drilling operations.

#### **ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: Dry washes are common throughout the immediate area of the proposed well location.

FLORA/FAUNA: Sagebrush, pinion, deer, rodents, fowl.

SOIL TYPE AND CHARACTERISTICS: Rocky clay.

SURFACE FORMATION & CHARACTERISTICS:

EROSION/SEDIMENTATION/STABILITY: Erosive upon disturbance.

PALEONTOLOGICAL POTENTIAL: None observed.

#### **RESERVE PIT**

CHARACTERISTICS: Dugout earthen, 30'x80'x10', included w/in location.

LINER REQUIREMENTS (Site Ranking Form attached): Liner required. The existing liner is in poor condition. The liner and garbage inside the existing liner should be completely removed and disposed of at an approved facility. The pit should then be reconstructed in the original location and relined prior to spudding the proposed well.

#### **SURFACE RESTORATION/RECLAMATION PLAN**

As per surface use agreement.

SURFACE AGREEMENT: Signed.

CULTURAL RESOURCES/ARCHAEOLOGY: None requested by landowner.

**OTHER OBSERVATIONS/COMMENTS**

**ATTACHMENTS**

Photos of this location were taken and placed on file.

Mark L. Jones  
DOGM REPRESENTATIVE

April 25, 2006 / 2:00 pm  
DATE/TIME

**Evaluation Ranking Criteria and Ranking are  
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>0</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>20</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>10</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>5</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>10</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

**Final Score**      45      (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

May 9, 2006

Marion Energy Inc.  
119 South Tennessee, Suite 200  
McKinney, TX 75069

Re: Kenilworth Railroad 15-3 Well, Surface Location 539' FSL, 1291' FEL, SE SE,  
Sec. 16, T. 13 South, R. 10 East, Bottom Location 943' FSL, 1143' FWL,  
SW SW, Sec. 15, T. 13 South, R. 10 East, Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-31168.

Sincerely,

A handwritten signature in black ink, appearing to read "Gil Hunt".

Gil Hunt  
Associate Director

pab

Enclosures

cc: Carbon County Assessor  
Bureau of Land Management, Moab District Office

**Operator:** Marion Energy Inc.  
**Well Name & Number** Kenilworth Railroad 15-3  
**API Number:** 43-007-31168  
**Lease:** UTU-81161

**Surface Location:** SE SE      **Sec.** 16      **T.** 13 South      **R.** 10 East  
**Bottom Location:** SW SW      **Sec.** 15      **T.** 13 South      **R.** 10 East

### **Conditions of Approval**

**1. General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

**2. Notification Requirements**

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

**3. Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

**4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.**

**5. In accordance with Utah Admin. R.649-3-11, Directional Drilling, the operator shall submit a complete angular deviation and directional survey report to the Division within 30 days following completion of the well.**

**6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)**

7. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
**APPLICATION FOR PERMIT TO DRILL OR REENTER**

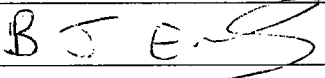
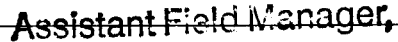
RECEIVED  
BUREAU OF LAND MANAGEMENT  
FORM APPROVED  
OMB No. 1004-0137  
Expires March 31, 2007

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		7. If Unit or CA Agreement, Name and No.
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input checked="" type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		8. Lease Name and Well No. <b>Kenilworth Railroad #15-3</b>
2. Name of Operator <b>Marion Energy Inc.</b>		9. API Well No. <b>4300731168</b>
3a. Address <b>119 S. Tennessee Suite 200, McKinney, TX, 75069</b>	3b. Phone No. (include area code) <b>(972)540-2967</b>	10. Field and Pool, or Exploratory <b>Helper Field</b>
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface <b>539.52ft FSL 1291.21ft FEL SE/4 Section 16 13S-10E</b> At proposed prod. zone <b>943ft FSL 1143ft FWL /SW/4 Section 15 13S-10E</b>		11. Sec., T. R. M. or Blk. and Survey or Area <b>SESE Section 16 13S-10E</b>
14. Distance in miles and direction from nearest town or post office* <b>Approx 1/4 mile east of Kenilworth, Utah.</b>		12. County or Parish <b>Carbon</b>
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) <b>539.52ft</b>		13. State <b>UT</b>
16. No. of acres in lease <b>1269.11</b>	17. Spacing Unit dedicated to this well <b>160 Acres</b>	
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. <b>20ft from well in SE/4</b>	19. Proposed Depth <b>5812ft</b>	20. BLM/BIA Bond No. on file <del>B001632</del> <b>UTB000179</b>
21. Elevations (Show whether DF, KDB, RT, GL, etc.) <b>6577.7' GR</b>	22. Approximate date work will start* <b>06/01/2006</b>	23. Estimated duration <b>2 1/2 weeks</b>

**24. Attachments**

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. I, must be attached to this form:

- |  |   |
|--|---|
| 1. Well plat certified by a registered surveyor.   | 4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above). |
| 2. A Drilling Plan.  | 5. Operator certification   |
| 3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office). | 6. Such other site specific information and/or plans as may be required by the BLM.             |

25. Signature 	Name (Printed/Typed) <b>Benjamin Evans</b>	Date <b>05/27/2006</b>
Title <b>Landman</b>		
Approved by (Signature) 	Name (Printed/Typed) <b>Assistant Field Manager</b>	Date <b>8/1/06</b>
Title <b>Assistant Field Manager, Division of Resources</b>		
Office <b>Division of Resources Moab Field Office</b>		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.  
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on page 2)

CONDITIONS OF APPROVAL ATTACHED

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
for the BLM

AUG 18 2006

# Range 10 East

## Location:

The well location was determined using a Trimble 5700 GPS survey grade unit.

## Basis of Bearing:

The Basis of Bearing is GPS Measured.

## GLO Bearing:

The Bearings indicated are per the recorded plat obtained from the U.S. Land Office.

## Basis of Elevation:

Basis of Elevation of 6561' being at the Southwest Section Corner of Section 16, Township 13 South, Range 10 East, Salt Lake Base and Meridian, as shown on the Helper Quadrangle 7.5 minute series map.

## Description of Location:

### Surface Location

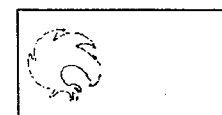
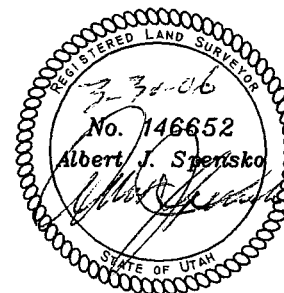
Proposed Drill Hole located in the SE/4 SE/4 of Section 16, T13S, R10E, S.L.B.&M., being 539.52' North and 1291.21' West from the Southeast Section Corner of Section 16, T13S, R10E, Salt Lake Base & Meridian.

### Target Location

Proposed Target located in the SW/4 SW/4 of Section 15, T13S, R10E, S.L.B.&M., being 943.00' North and 1143.00' East from the Southwest Section Corner of Section 15, T13S, R10E, Salt Lake Base & Meridian.

## Surveyor's Certificate:

I, Albert J. Spensko, a Registered Professional Land Surveyor, holding Certificate 146652 State of Utah, do hereby certify that the information on this drawing is a true and accurate survey based on data of record and was conducted under my personal direction and supervision as shown hereon.



## TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230

Huntington, Utah 84528

Phone (435)687-5310 Fax (435)687-5311

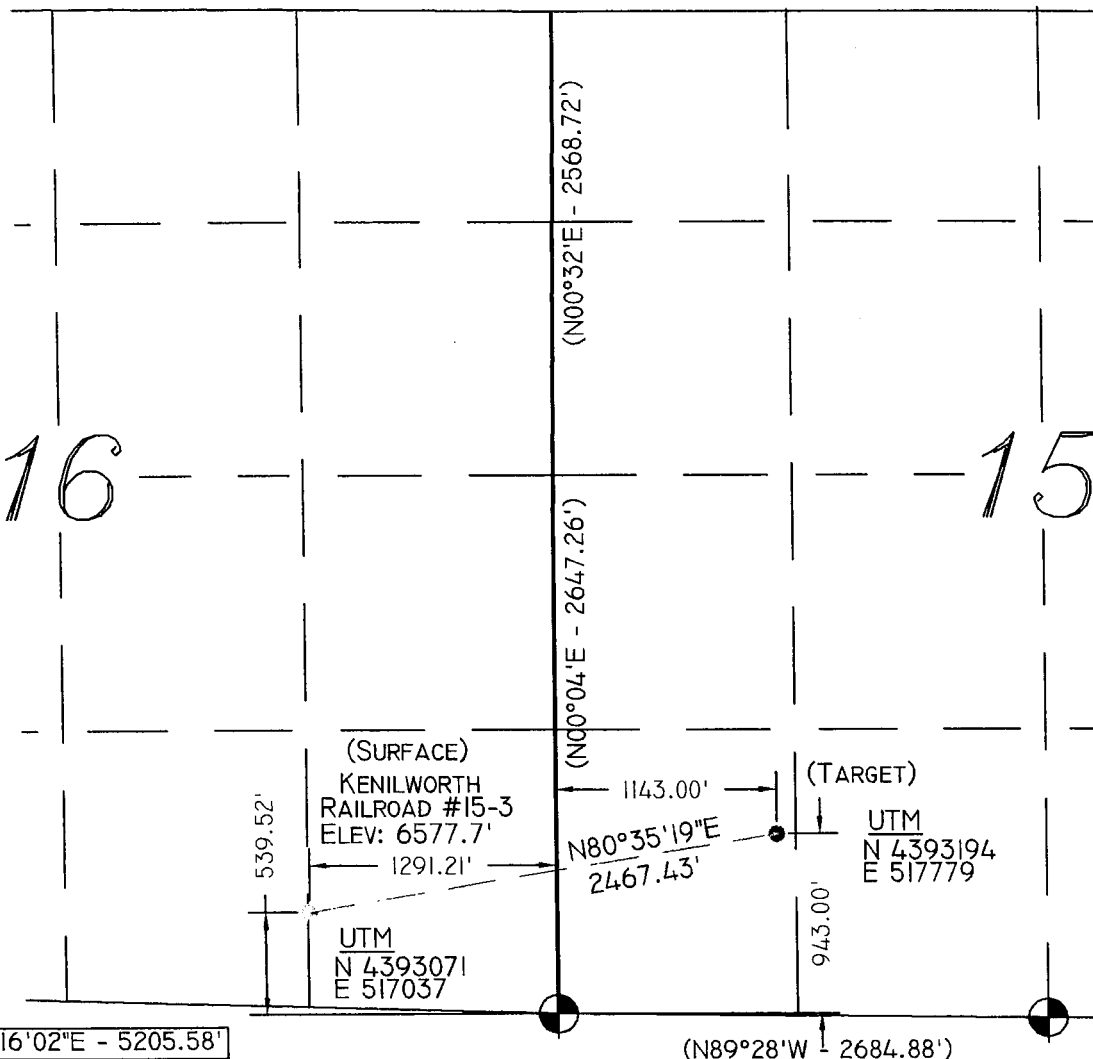
E-Mail talon@rtv.net



## Marion Energy Inc.

Kenilworth Railroad #15-3  
Section 16, T13S, R10E, S.L.B.&M.  
Carbon County, Utah

Drawn By: N. BUTKOVICH	Checked By: L.W.J./A.J.S.
Drawing No. A-1	Date: 3/28/06
	Scale: 1" = 1000'
Sheet 1 of 3	Job No. 2347



## Legend

- Drill Hole Location
- Metal Cap (Found)
- Brass Cap (Searched for, but not found)
- Calculated Corner
- GLO
- GPS Measured

## NOTES:

1. UTM and Latitude / Longitude Coordinates are derived using a GPS Pathfinder and are shown in NAD 27 Datum.

SURFACE
LAT / LONG
39°41'21.093"N
110°48'04.725"W

TARGET
LAT / LONG
39°41'25.028"N
110°47'33.561"W

## GRAPHIC SCALE

0 500' 1000'

( IN FEET )

1 inch = 1000 ft.

Marion Energy, Inc.

**Kenilworth Railroad #15-3**

Lease, Surface: Non-federal

Bottom-hole: UTU-81161

Location, Surface: SE/SE Sec. 16, T13S, R10E

Top of Ferron: SW/SW Sec. 15, T13S, R10E

Bottom-hole: SE/SW Sec. 15, T13S, R10E

Carbon County, Utah

**A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.**

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that Marion Energy, Inc. is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by **UTB000179** (Principal – Marion Energy, Inc.) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors.

A. DRILLING PROGRAM

1. The proposed 3M BOP system is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGM) is required before conducting any surface disturbing activities.
3. Surface casing shall be cemented to surface.
4. If production casing cement does not circulate to surface, a cement bond log (CBL), temperature survey or other appropriate tool for determining top-of-cement shall be run.
5. If logging reveals that the cementing objectives were not met, remedial cementing will be required.
6. The requirements for air drilling, found in Onshore Oil and Gas Order No. 2, part III, E (Special Drilling Operations), shall be followed.
7. A directional survey shall be submitted within 30-days of reaching total depth of the well.

## SURFACE USE

1. Within six months of installation, surface structures shall be painted in the following flat, earth tone color: Olive Black (5W A 20-6). This Fuller O'Brien color is for reference only. Any brand of paint may be used provided the colors match. Any facilities that must be painted to comply with OSHA standards are exempt.
2. Dust shall be controlled during all phases of project implementation through the use of water or approved dust suppressants.
3. The Companies will provide georeferenced spatial data depicting as-built locations of all facilities, wells, roads, pipelines, power lines, and other related facilities to the BLM by November 1 of each year until completion of project construction activities has occurred.
4. Reserve pits will be adequately fenced during and after drilling operations until pit is reclaimed so as to effectively keep out wildlife and livestock. Adequate fencing, in lieu of more stringent requirements by the surface owner, is defined as follows:
5. Construction materials will consist of steel or wood posts. Three or four strand wire (smooth or barbed) fence or hog panel (16-foot length by 50-inch height) or plastic snow fence must be used with connectors such as fence staples, quick-connect clips, hog rings, hose clamps, twisted wire, etc. Electric fences will not be allowed.
6. Construction standards: Posts shall be firmly set in ground. If wire is used, it must be taut and evenly spaced, from ground level to top wire, to effectively keep out animals. Hog panels must be tied securely into posts and one another using fence staples, clamps, etc. Plastic snow fencing must be taut and sturdy. Fence must be at least 2-feet from edge of pit. 3 sides fenced before beginning drilling, the fourth side fenced immediately upon completion of drilling and prior to rig release. Fence must be left up and maintained in adequate condition until pit is closed.
7. The reserve pit will be oriented to prevent collection of surface runoff. After the drilling rig is removed, the operator may need to construct a trench on the uphill side of the reserve pit to divert surface drainage around it. If constructed, the trench will be left intact until the pit is closed.
8. The reserve pit will be lined with an impermeable liner if permeable subsurface material is encountered. An impermeable liner is any liner having a permeability less than  $10^{-7}$  cm/sec. The liner will be installed so that it will not leak and will be chemically compatible with all substances that may be put in the pit. Liners made of any man-made synthetic material will be of sufficient strength and thickness to withstand normal installation and pit use. In gravelly or rocky soils, a suitable bedding material such as sand will be used prior to installing the liner.

9. The reserve pit will be constructed so that at least half of its total volume is in solid cut material (below natural ground level).
10. The reserve pit shall have 2 foot of freeboard maintained at all times to prevent overflow of fluid.

### C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Notify the BLM Price Field Office, Natural Resource Specialist at least 48-hours prior to commencing construction of location.

Spud- Notify the BLM Price Field Office 24-hours prior to spud. Submit written notification (Sundry Notice, Form 3160-5) to the BLM Moab Field Office within 24-hours after spud, regardless of whether using a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports that describe the progress and status of the well shall be submitted to the BLM Moab Field Office on at least a weekly basis. This report may be in any format customarily used by the operator.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- Any modification to the proposed drilling program shall be submitted to the BLM Moab Field Office on a Sundry Notice (Form 3160-5). Regulations at 43 CFR 3162.3-2 describe which operations require prior approval, and which require notification.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the BLM Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, immediately notify the BLM Price Field Office, and work that might disturb the cultural resources shall cease.

First Production- A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the BLM Price Field Office.

Notify the BLM Moab Field Office when the well is placed into production. Initial notification may be verbal, but must be confirmed in writing within five business days. Please include the date production started, the producing formation and production volumes.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, a *Well Completion or Recompletion Report and Log* (Form 3160-4) shall be submitted to the BLM Moab Field Office within thirty-days after completion of the well. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the BLM Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the BLM Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered to be shut-in until the gas can be captured or until approval to continue the venting/flaring pursuant to NTL-4A is granted. Compensation shall be due for gas that is vented/flared without approval.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the BLM Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the BLM Moab Field Office for off-lease measurement, off-lease storage and/or commingling of production prior to the sales measurement point. The term "commingling" describes both the combining of production from different geologic zones and/or combining production from different leases or agreement areas.

Plugging and Abandonment- If the well is a dry hole, plugging instructions must be obtained from the BLM Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Sundry Notice, Form 3160-5) will be filed with the BLM Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the BLM Price Field Office or surface owner.

## TABLE 1

### NOTIFICATIONS

Notify Don Stephens (435-636-3608) or Walton Willis (435-636-3662) of the BLM Price Field Office for the following:

- 2 days prior to commencement of dirt work, construction and reclamation; (Stephens)
- 1 day prior to spud; (Willis)
- 50 feet prior to reaching the surface casing setting depth; (Willis)
- 3 hours prior to testing BOP equipment. (Willis)

If the person at the above number cannot be reached, notify the BLM Moab Field Office at 435-259-2100.

Well abandonment operations require 24-hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained from:

Eric Jones, Petroleum Engineer      Office: 435-259-2117  
Home: 435-259-2214

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 6

## ENTITY ACTION FORM

Operator: Marion Energy Inc.  
Address: 119 S. Tennessee, Ste. 200  
city McKinney  
state TX zip 75069

Operator Account Number: N 2740Phone Number: (972) 540-2987**Well 1**

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731182	Alpine School District #3-17		NWNE	17	13S	7E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<i>KB</i>	99999	<i>2550</i>	6/26/2006		<i>4/12/07</i>		
Comments: <i>FRSD BHL NENW</i>							

**Well 2**

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731181	Alpine School District #6-17		NWNE	17	13S	7E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<i>KB</i>	99999	<i>2550</i>	6/26/2006		<i>4/12/07</i>		
Comments: <i>FRSD BHL SENW</i>							

**Well 3**

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300731168	Kenilworth Railroad #15-3		SESE	16	13S	10E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
<i>A</i>	99999	<i>16041</i>	7/10/2006		<i>4/23/07</i>		
Comments: <i>FRSD BHL = SWSW Sec 15</i>							

**ACTION CODES:**

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Benjamin Evans

Name (Please Print)

*Benjamin Evans*

Signature

Landman

Title

*4/12/07*

Date

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DIV. OF OIL, GAS &amp; MINING

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee UTU-81161
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 539.52ft FSL & 1291.21ft FEL		8. WELL NAME and NUMBER: Kenilworth Railroad #15-3
PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731168
CITY/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 13S 10E		10. FIELD AND POOL, OR WILDCAT: Helper
COUNTY: Carbon		STATE: UTAH

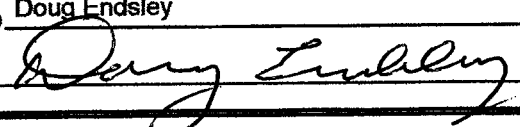
**11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> <b>NOTICE OF INTENT</b> (Submit in Duplicate)  Approximate date work will start: <u>7/1/2006</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input checked="" type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> <b>SUBSEQUENT REPORT</b> (Submit Original Form Only)  Date of work completion: _____	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Marion proposes to modify the casing program to better accommodate the directional tools we will be using. The proposed changes are as follows:

Surface pipe will be changed from 13 3/8" to 9 5/8". Surface hole will be changed from 16 3/4" to 12 1/4". The casing will be cemented with 219 sx. Premium "G" cement at a yield of 1.25 cuft/sk and slurry weight of 14.2 ppg. This calculation includes 75% excess. Additionally, we propose to eliminate the intermediate string of casing. We do not anticipate any abnormal water flows from shallow sections that would require an intermediate string be set. We propose to drill a 7 7/8" hole to TD and run 5 1/2", 17# casing as described on the APD form 3.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE 	DATE <u>6/13/2006</u>

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(5/20/00)

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**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

Fee UTU-81161

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

Kenilworth Railroad #15-3

9. API NUMBER:

4300731168

10. FIELD AND POOL, OR WILDCAT:

Helper

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER \_\_\_\_\_

2. NAME OF OPERATOR:

Marion Energy, Inc

3. ADDRESS OF OPERATOR:

119 So. Tennessee #200

CITY McKinney

STATE TX

ZIP 75069

PHONE NUMBER:

(972) 540-2967

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 539.52ft FSL & 1291.21ft FEL

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 13S 10E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☐ NOTICE OF INTENT  
(Submit in Duplicate)

Approximate date work will start:

☒ SUBSEQUENT REPORT  
(Submit Original Form Only)

Date of work completion:

7/12/2006

TYPE OF ACTION

☐ ACIDIZE

☐ ALTER CASING

☐ CASING REPAIR

☐ CHANGE TO PREVIOUS PLANS

☐ CHANGE TUBING

☐ CHANGE WELL NAME

☐ CHANGE WELL STATUS

☐ COMMINGLE PRODUCING FORMATIONS

☐ CONVERT WELL TYPE

☐ DEEPEN

☐ FRACTURE TREAT

☐ NEW CONSTRUCTION

☐ OPERATOR CHANGE

☐ PLUG AND ABANDON

☐ PLUG BACK

☐ PRODUCTION (START/RESUME)

☐ RECLAMATION OF WELL SITE

☐ RECOMPLETE - DIFFERENT FORMATION

☐ REPERFORATE CURRENT FORMATION

☐ SIDETRACK TO REPAIR WELL

☐ TEMPORARILY ABANDON

☐ TUBING REPAIR

☐ VENT OR FLARE

☐ WATER DISPOSAL

☐ WATER SHUT-OFF

☒ OTHER: Spud well

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

MIRU Beeman Drilling: spud well at 7:00am 7/10/2006. Drilled 12 1/4" hole to 525'. Ran 12 joints of 9 5/8", J-55, 36# casing set at 520'. Cement with 320 sacks class "G" cement. Circulated cement to surface but cement fell back. Re-cemented to top off surface per Mark Jones. Plug down 7/12/2006. RDMO Beeman. Wait on drilling rig.

NAME (PLEASE PRINT) Doug Endsley

TITLE VP Operations

SIGNATURE

*Doug Endsley*

DATE 7/15/2006

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DIV. OF OIL, GAS & MINING

STATE OF UTAH  
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DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee UTU-81161
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 539.52ft FSL & 1291.21ft FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 13S 10E		8. WELL NAME and NUMBER: Kenilworth Railroad #15-3
PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731168
COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Helper
STATE: UTAH		

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: 11/11/2006	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>Move In Drilling Rig</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

MIRU Lobo Well Service Rig # 100 on 11/11/2006. Worked on rig until 11/16/2006. Began drilling surface cement 11/18/2006. Started new hole @ 3:00pm, 11/18/2006.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE <u><i>Doug Endsley</i></u>	DATE <u>11/22/2006</u>

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(5/2000)

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**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

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1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee UTU-81161
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 539.52ft FSL & 1291.21ft FEL		8. WELL NAME and NUMBER: Kenilworth Railroad #15-3
5. PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731168
6. COUNTY: Carbon		10. FIELD AND POOL, OR WILDCAT: Helper

CITY/MCINNEY, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 13S 10E

STATE: UTAH

**CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input checked="" type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Drilled an 8 3/4" hole to 5165' MD. Decided to run 7" casing at that point due to hole conditions. Ran 119 joints of 7", J-55, 23# and cemented with 300 sacks Premium Lite cement, 11 ppg, 3.82 cuft/sk yield and tailed in with 100 sacks of 50/50 Poz, 14-2 ppg, 1.25 cuft/sk yield. Circulated 3 bbls cement to surface. Plug down @ 5:30am 12/27/2006. Will drill out with 6 3/4" bit to finish Ferron section and underream to 8" for better cement job.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE <u><i>Doug Endsley</i></u>	DATE <u>1/17/2007</u>

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(5/2000)

(See Instructions on Reverse Side)

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DIV. OF OIL, GAS & MINING

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee UTU-81161
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 539.52ft FSL & 1291.21ft FEL		8. WELL NAME and NUMBER: Kenilworth Railroad #15-3
PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731168
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 13S 10E		10. FIELD AND POOL, OR WILDCAT: Helper
COUNTY: Carbon		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start:  <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion:  1/31/2007	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Run Casing
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Drilled 6 3/4" hole to 5790' MD. PU underreamer and under ream to 8" hole. Ran 20 joints 5 1/2", 17#, J-55 and set as a liner with Weatherford liner hanger. Cemented with 211 sacks 50/50 Poz. Plug down @ 4:00pm 1/31/2007.

NAME (PLEASE PRINT) <u>Doug Endsley</u>	TITLE <u>VP Operations</u>
SIGNATURE <u><i>Doug Endsley</i></u>	DATE <u>2/6/2007</u>

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(5-2000)

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**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

**SUNDRY NOTICES AND REPORTS ON WELLS**

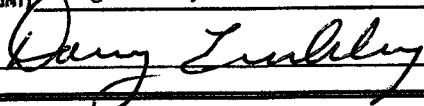
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: Fee UTU-81161
2. NAME OF OPERATOR: Marion Energy, Inc		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 119 So. Tennessee #200 CITY McKinney STATE TX ZIP 75069		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 539.52ft FSL & 1291.21ft FEL		8. WELL NAME and NUMBER: Kenilworth Railroad #15-3
5. PHONE NUMBER: (972) 540-2967		9. API NUMBER: 4300731168
6. CITY/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 16 13S 10E		10. FIELD AND POOL, OR WILDCAT: Helper
COUNTY: Carbon		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: _____  <input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion: 2/20/2007	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Perforations
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

RU Weatherford logging services and perforate the Ferron formation from 5466'-70', 5446'-56', 5432'-34', 5379'-85', 5332'-40', 5318'-22', 5267'-79', 5240'-46', 5220'-24', with 0.43" holes @ 4 spf. RU BJ Services and frac with 160,000# 16/30 Brady sand and 85,000 gals of 20# XL gel.

NAME (PLEASE PRINT) Doug Endsley	TITLE VP Operations
SIGNATURE 	DATE 2/23/2007

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DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ FORM 8  
(highlight changes)

5. LEASE DESIGNATION AND SERIAL NUMBER:  
Fee-UTU-81161

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER \_\_\_\_\_

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:

Kenitworth Railroad 15-3

1b. TYPE OF WORK: NEW WELL ☐ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Marion Energy, Inc.

9. API NUMBER:  
4300731168

3. ADDRESS OF OPERATOR:  
119 S. Tennessee #200 CITY McKinney STATE TX ZIP 75069

PHONE NUMBER:  
(972) 540-2967

10 FIELD AND POOL, OR WILDCAT  
Helper

4. LOCATION OF WELL (FOOTAGES)  
AT SURFACE 539.52 ft FSL & 1291.2 ft FEL  
  
AT TOP PRODUCING INTERVAL REPORTED BELOW

11. QTR/CTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:  
SESE 16 13S 10E

AT TOTAL DEPTH: 1031 fsl 11623 fwl

12. COUNTY Carbon 13. STATE UTAH

14. DATE SPUDDED: 7/10/2006 15. DATE T.D. REACHED: 1/31/2007 16. DATE COMPLETED: 2/20/2007

ABANDONED ☐ READY TO PRODUCE ☒

17. ELEVATIONS (DF, RKB, RT, GL):  
6578 GR

18. TOTAL DEPTH: MD 5,780-5812 TVD 4609 19. PLUG BACK T.D.: MD 5,745 TVD 4563

20. IF MULTIPLE COMPLETIONS, HOW MANY? \*

21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)

Induction, CNL-FDC, CBL W/CCL

23. WAS WELL CORED? NO ☒ YES ☐ (Submit analysis)  
WAS DST RUN? NO ☒ YES ☐ (Submit report)  
DIRECTIONAL SURVEY? NO ☐ YES ☒ (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12 1/4"	9 5/8" J-55	36#	0	520		320 sx		Surface	
8 3/4"	7" J-55	23#	0	5,163		400 sx		Surf-Calc	
6 3/4"	5 1/2 J-55	17#	4,992	5,771		211 sx		LT-Circ	

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8"	5,340							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A) Ferron	5,218	5,608			5,220 5,279	.43	84	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(B)					5,318 5,385	.43	72	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(C)					5,432 5,470	.43	64	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

27. PERFORATION RECORD

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
5220-5279	50,129# 16/30 Brady Sand & 32,900 gals 20 # XL gel
5318-5385	53,837 # 16/30 Brady Sand & 34,100 gals 20 # XL gel
5432-5470	52,305 # 16/30 Brady Sand & 40,000 gals 20 # XL gel

29. ENCLOSED ATTACHMENTS:

☐ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☐ DST REPORT ☐ DIRECTIONAL SURVEY  
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☐ OTHER: \_\_\_\_\_

30. WELL STATUS:

Testing

(5/2000)

(CONTINUED ON BACK)

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## 31. INITIAL PRODUCTION

## INTERVAL A (As shown in Item #26)

DATE FIRST PRODUCED: 2/28/2007	TEST DATE: 2/28/2007	HOURS TESTED: 24	TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF: 150	WATER - BBL: 175	PROD. METHOD: Pumping
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS: Testing

## INTERVAL B (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

## INTERVAL C (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

## INTERVAL D (As shown in Item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL - BBL:	GAS - MCF:	WATER - BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU - GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

## 32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

Vented

## 33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof. Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

## 34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Bluegate	0	5,218	Shale		
Ferron	5,218	5,608	Sand, coal-gas		
Tununk	5,608		Shale		

## 35. ADDITIONAL REMARKS (Include plugging procedure)

35. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Doug Endsley

TITLE VP Operations

SIGNATURE

DATE 3/23/2007

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

\* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

\*\*\* ITEM 24: Cement Top - Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

# **MARION ENERGY, INC.**

**Carbon County, Utah**

**Kenilworth Railroad #15-3**

**Kenilworth Railroad #15-3**

**Wellbore #1**

**Survey: As Drilled**

## **Standard Survey Report**

**02 January, 2007**

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**APR 1 / 2007**

**DIV. OF OIL, GAS & MINING**

# Nevis

## Survey Report

**Company:** MARION ENERGY, INC.  
**Project:** Carbon County, Utah  
**Site:** Kenilworth Railroad #15-3  
**Well:** Kenilworth Railroad #15-3  
**Wellbore:** Wellbore #1  
**Design:** Wellbore #1

**Local Co-ordinate Reference:** Site Kenilworth Railroad #15-3  
**TVD Reference:** WELL @ 0.0ft (Original Well Elev)  
**MD Reference:** WELL @ 0.0ft (Original Well Elev)  
**North Reference:** Grid  
**Survey Calculation Method:** Minimum Curvature  
**Database:** EDM 2003.14 Single User Db

**Project:** Carbon County, Utah

**Map System:** Universal Transverse Mercator  
**Geo Datum:** NAD 1927 - Alaska  
**Map Zone:** Zone 12N (114 W to 108 W)

**System Datum:** Mean Sea Level

**Site:** Kenilworth Railroad #15-3, SE/SE Sec. 16, T13S, R10E

<b>Site Position:</b>		<b>Northing:</b>	14,412,933.78 ft	<b>Latitude:</b>	39° 41' 21.093 N
<b>From:</b>	Lat/Long	<b>Easting:</b>	1,696,312.22 ft	<b>Longitude:</b>	110° 48' 4.725 W
<b>Position Uncertainty:</b>	0.0 ft	<b>Slot Radius:</b>	"	<b>Grid Convergence:</b>	0.13 °

**Well:** Kenilworth Railroad #15-3

<b>Well Position</b>	<b>+N/-S</b>	0.0 ft	<b>Northing:</b>	14,412,933.78 ft	<b>Latitude:</b>	39° 41' 21.093 N
	<b>+E/-W</b>	0.0 ft	<b>Easting:</b>	1,696,312.22 ft	<b>Longitude:</b>	110° 48' 4.725 W
<b>Position Uncertainty</b>		0.0 ft	<b>Wellhead Elevation:</b>	ft	<b>Ground Level:</b>	0.0 ft

**Wellbore:** Wellbore #1

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	IGRF200510	11/2/2006	12.13	65.47	52,483

**Design:** Wellbore #1

**Audit Notes:**

**Version:** 1.0      **Phase:** ACTUAL      **Tie On Depth:**

Vertical Section:	Depth From (TVD) (ft)	+N/-S (ft)	+E/-W (ft)	Direction (°)
	0.0	0.0	0.0	80.59

**Survey Program**      **Date** 1/2/2007

From (ft)	To (ft)	Survey (Wellbore)	Tool Name	Description
565.0	5,812.0	As Drilled (Wellbore #1)		

**Survey**

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.00	0.00	0.00
565.0	1.90	138.60	564.9	-7.0	6.2	5.0	0.34	0.34	0.00
597.0	1.90	144.70	596.9	-7.9	6.9	5.5	0.63	0.00	19.06
629.0	1.40	158.30	628.9	-8.7	7.3	5.8	1.97	-1.56	42.50
660.0	1.40	150.70	659.9	-9.3	7.6	6.0	0.60	0.00	-24.52
692.0	2.00	150.00	691.8	-10.2	8.1	6.3	1.88	1.87	-2.19
724.0	1.70	154.80	723.8	-11.1	8.6	6.7	1.05	-0.94	15.00
756.0	2.20	170.10	755.8	-12.1	8.9	6.8	2.24	1.56	47.81
787.0	1.90	164.20	786.8	-13.2	9.1	6.9	1.18	-0.97	-19.03
800.2	1.65	162.02	800.0	-13.6	9.2	6.9	1.96	-1.89	-16.47
<b>KOP @ 800'</b>									
819.0	1.30	157.50	818.8	-14.0	9.4	7.0	1.96	-1.86	-24.08
851.0	1.30	112.00	850.8	-14.5	9.9	7.4	3.14	0.00	-142.19

# Nevis

## Survey Report

**Company:** MARION ENERGY, INC.  
**Project:** Carbon County, Utah  
**Site:** Kenilworth Railroad #15-3  
**Well:** Kenilworth Railroad #15-3  
**Wellbore:** Wellbore #1  
**Design:** Wellbore #1

**Local Co-ordinate Reference:**  
**TVD Reference:**  
**MD Reference:**  
**North Reference:**  
**Survey Calculation Method:**  
**Database:**

Site Kenilworth Railroad #15-3  
 WELL @ 0.0ft (Original Well Elev)  
 WELL @ 0.0ft (Original Well Elev)  
 Grid  
 Minimum Curvature  
 EDM 2003.14 Single User Db

### Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Buid Rate (°/100ft)	Turn Rate (°/100ft)
883.0	1.30	83.70	882.8	-14.6	10.6	8.1	1.99	0.00	-88.44
915.0	2.00	54.50	914.7	-14.2	11.4	8.9	3.35	2.19	-91.25
946.0	3.20	49.70	945.7	-13.4	12.5	10.1	3.93	3.87	-15.48
978.0	3.80	57.80	977.7	-12.2	14.1	11.9	2.43	1.87	25.31
1,009.0	4.20	56.40	1,008.6	-11.0	15.9	13.9	1.33	1.29	-4.52
1,042.0	3.90	52.70	1,041.5	-9.7	17.8	16.0	1.21	-0.91	-11.21
1,074.0	4.70	58.00	1,073.4	-8.3	19.8	18.1	2.79	2.50	16.56
1,106.0	5.30	61.20	1,105.3	-6.9	22.2	20.7	2.07	1.87	10.00
1,138.0	6.20	58.90	1,137.1	-5.3	25.0	23.7	2.90	2.81	-7.19
1,169.0	7.50	60.60	1,167.9	-3.5	28.2	27.2	4.24	4.19	5.48
1,201.0	8.50	61.10	1,199.6	-1.3	32.0	31.4	3.13	3.12	1.56
1,233.0	9.80	63.50	1,231.2	1.1	36.5	36.2	4.23	4.06	7.50
1,265.0	10.30	65.50	1,262.7	3.5	41.6	41.6	1.91	1.56	6.25
1,297.0	10.70	66.00	1,294.2	5.8	46.9	47.2	1.28	1.25	1.56
1,329.0	11.90	66.20	1,325.5	8.4	52.6	53.3	3.75	3.75	0.62
1,361.0	12.50	65.60	1,356.8	11.2	58.8	59.8	1.92	1.87	-1.87
1,392.0	13.10	65.60	1,387.0	14.0	65.1	66.5	1.94	1.94	0.00
1,424.0	13.30	67.50	1,418.2	16.9	71.8	73.6	1.49	0.62	5.94
1,456.0	13.90	69.60	1,449.3	19.6	78.8	80.9	2.43	1.87	6.56
1,487.0	14.30	70.20	1,479.4	22.2	85.9	88.3	1.37	1.29	1.94
1,519.0	14.20	70.20	1,510.4	24.9	93.3	96.1	0.31	-0.31	0.00
1,551.0	14.80	69.30	1,541.4	27.7	100.8	104.0	2.00	1.87	-2.81
1,583.0	15.50	69.50	1,572.2	30.6	108.6	112.2	2.19	2.19	0.62
1,615.0	16.40	72.80	1,603.0	33.5	116.9	120.8	3.99	2.81	10.31
1,647.0	17.50	75.80	1,633.6	36.0	125.9	130.1	4.39	3.44	9.37
1,679.0	18.60	78.20	1,664.1	38.2	135.6	140.0	4.15	3.44	7.50
1,711.0	19.40	79.40	1,694.3	40.2	145.8	150.4	2.78	2.50	3.75
1,743.0	19.30	82.70	1,724.5	41.9	156.3	161.0	3.43	-0.31	10.31
1,774.0	19.90	81.50	1,753.7	43.3	166.6	171.4	2.33	1.94	-3.87
1,806.0	20.40	82.10	1,783.7	44.9	177.5	182.4	1.69	1.56	1.87
1,838.0	21.60	81.80	1,813.6	46.5	188.8	193.9	3.77	3.75	-0.94
1,867.0	22.40	82.40	1,840.5	48.0	199.6	204.8	2.87	2.76	2.07
1,899.0	22.60	83.50	1,870.1	49.5	211.7	217.0	1.46	0.62	3.44
1,930.0	23.10	83.00	1,898.6	50.9	223.7	229.0	1.73	1.61	-1.61
1,962.0	24.20	83.10	1,928.0	52.4	236.4	241.8	3.44	3.44	0.31
1,994.0	24.70	84.50	1,957.1	53.9	249.6	255.1	2.39	1.56	4.37
2,025.0	25.30	83.80	1,985.2	55.2	262.6	268.1	2.16	1.94	-2.26
2,057.0	25.40	83.30	2,014.1	56.7	276.3	281.8	0.74	0.31	-1.56
2,089.0	26.00	83.50	2,042.9	58.3	290.0	295.7	1.89	1.87	0.62
2,121.0	27.10	84.40	2,071.6	59.8	304.3	310.0	3.66	3.44	2.81
2,153.0	28.50	84.10	2,099.9	61.3	319.1	324.8	4.40	4.37	-0.94
2,184.0	28.80	82.20	2,127.1	63.1	333.9	339.7	3.09	0.97	-6.13
2,216.0	29.10	80.40	2,155.1	65.5	349.2	355.2	2.88	0.94	-5.62
2,248.0	30.10	80.90	2,182.9	68.0	364.8	371.0	3.22	3.12	1.56
2,280.0	31.40	80.50	2,210.4	70.7	380.9	387.3	4.11	4.06	-1.25
2,312.0	31.90	80.90	2,237.6	73.4	397.5	404.1	1.69	1.56	1.25
2,344.0	32.50	81.40	2,264.7	76.0	414.3	421.2	2.05	1.87	1.56
2,377.0	32.00	81.30	2,292.6	78.7	431.7	438.8	1.52	-1.52	-0.30
2,409.0	31.80	83.60	2,319.8	80.9	448.5	455.7	3.85	-0.62	7.19
2,441.0	32.50	86.50	2,346.9	82.3	465.5	472.7	5.29	2.19	9.06
2,474.0	33.40	87.10	2,374.6	83.3	483.4	490.5	2.90	2.73	1.82
2,505.0	33.90	87.00	2,400.4	84.2	500.5	507.6	1.62	1.61	-0.32
2,537.0	34.10	85.50	2,426.9	85.4	518.4	525.4	2.69	0.62	-4.69
2,569.0	35.40	85.10	2,453.2	86.9	536.6	543.6	4.12	4.06	-1.25

# Nevis

## Survey Report

**Company:** MARION ENERGY, INC.  
**Project:** Carbon County, Utah  
**Site:** Kenilworth Railroad #15-3  
**Well:** Kenilworth Railroad #15-3  
**Wellbore:** Wellbore #1  
**Design:** Wellbore #1

**Local Co-ordinate Reference:** Site Kenilworth Railroad #15-3  
**TVD Reference:** WELL @ 0.0ft (Original Well Elev)  
**MD Reference:** WELL @ 0.0ft (Original Well Elev)  
**North Reference:** Grid  
**Survey Calculation Method:** Minimum Curvature  
**Database:** EDM 2003.14 Single User Db

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N-S (ft)	+E-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
2,600.0	35.30	84.60	2,478.5	88.5	554.4	561.5	0.99	-0.32	-1.61
2,630.0	35.90	84.80	2,502.9	90.1	571.8	578.9	2.04	2.00	0.67
2,662.0	36.90	83.70	2,528.6	92.0	590.7	597.8	3.73	3.12	-3.44
2,694.0	36.70	81.50	2,554.3	94.5	609.7	617.0	4.17	-0.62	-6.87
2,724.0	37.00	81.00	2,578.3	97.2	627.5	635.0	1.41	1.00	-1.67
2,756.0	37.70	79.90	2,603.7	100.4	646.7	654.4	3.02	2.19	-3.44
2,790.0	38.70	79.80	2,630.4	104.2	667.4	675.4	2.95	2.94	-0.29
2,821.0	39.10	80.10	2,654.5	107.5	686.5	694.9	1.43	1.29	0.97
2,852.0	40.10	79.40	2,678.4	111.1	706.0	714.6	3.53	3.23	-2.26
2,883.0	40.60	77.60	2,702.1	115.1	725.6	734.7	4.09	1.61	-5.81
2,915.0	41.30	77.80	2,726.2	119.5	746.1	755.6	2.23	2.19	0.62
2,946.0	42.60	78.90	2,749.3	123.7	766.4	776.3	4.82	4.19	3.55
2,979.0	44.30	79.30	2,773.2	128.0	788.7	799.0	5.22	5.15	1.21
3,011.0	45.10	79.40	2,796.0	132.2	810.8	821.5	2.51	2.50	0.31
3,042.0	46.20	78.50	2,817.7	136.4	832.6	843.7	4.11	3.55	-2.90
3,072.0	46.80	78.10	2,838.3	140.8	853.9	865.4	2.22	2.00	-1.33
3,103.0	48.00	78.70	2,859.3	145.4	876.2	888.2	4.12	3.87	1.94
3,133.0	49.30	79.00	2,879.1	149.8	898.3	910.7	4.40	4.33	1.00
3,165.0	49.30	79.30	2,900.0	154.3	922.2	935.0	0.71	0.00	0.94
3,196.0	50.10	80.10	2,920.0	158.6	945.4	958.6	3.25	2.58	2.58
3,228.0	50.00	80.70	2,940.6	162.7	969.6	983.2	1.47	-0.31	1.87
3,260.0	49.70	81.00	2,961.2	166.5	993.8	1,007.6	1.18	-0.94	0.94
3,291.0	49.60	81.00	2,981.3	170.2	1,017.1	1,031.2	0.32	-0.32	0.00
3,311.5	49.54	81.00	2,994.6	172.7	1,032.5	1,046.8	0.31	-0.31	0.00
<b>End Build</b>									
3,323.0	49.50	81.00	3,002.0	174.1	1,041.1	1,055.6	0.31	-0.31	0.00
3,355.0	49.50	80.70	3,022.8	177.9	1,065.2	1,079.9	0.71	0.00	-0.94
3,387.0	49.90	80.40	3,043.5	181.9	1,089.2	1,104.3	1.44	1.25	-0.94
3,418.0	50.00	80.30	3,063.5	185.9	1,112.6	1,128.1	0.41	0.32	-0.32
3,480.0	49.00	80.70	3,103.7	193.7	1,159.1	1,175.2	1.69	-1.61	0.65
3,543.0	49.10	80.20	3,145.0	201.6	1,206.1	1,222.8	0.62	0.16	-0.79
3,606.0	48.40	79.90	3,186.6	209.8	1,252.7	1,270.1	1.17	-1.11	-0.48
3,638.0	49.40	79.00	3,207.6	214.2	1,276.4	1,294.3	3.78	3.12	-2.81
3,669.0	50.60	78.00	3,227.5	218.9	1,299.7	1,318.0	4.59	3.87	-3.23
3,701.0	50.20	78.00	3,247.9	224.0	1,323.8	1,342.6	1.25	-1.25	0.00
3,733.0	49.80	78.00	3,268.5	229.1	1,347.8	1,367.1	1.25	-1.25	0.00
3,765.0	50.40	77.90	3,289.0	234.3	1,371.8	1,391.6	1.89	1.87	-0.31
3,797.0	50.20	77.90	3,309.5	239.4	1,395.9	1,416.2	0.62	-0.62	0.00
3,828.0	49.90	77.70	3,329.4	244.5	1,419.1	1,440.0	1.09	-0.97	-0.65
3,857.0	50.70	78.80	3,347.9	249.0	1,440.9	1,462.3	4.02	2.76	3.79
3,888.0	52.00	79.80	3,367.2	253.5	1,464.7	1,486.5	4.89	4.19	3.23
3,920.0	51.90	80.20	3,387.0	257.9	1,489.5	1,511.7	1.03	-0.31	1.25
3,952.0	52.30	81.30	3,406.6	261.9	1,514.5	1,536.9	2.99	1.25	3.44
3,984.0	52.00	81.90	3,426.3	265.6	1,539.5	1,562.2	1.75	-0.94	1.87
4,015.0	52.00	82.00	3,445.4	269.0	1,563.6	1,586.6	0.25	0.00	0.32
4,047.0	51.60	82.50	3,465.1	272.4	1,588.6	1,611.7	1.75	-1.25	1.56
4,079.0	50.90	84.20	3,485.2	275.3	1,613.3	1,636.7	4.69	-2.19	5.31
4,111.0	50.50	85.00	3,505.4	277.6	1,638.0	1,661.4	2.30	-1.25	2.50
4,144.0	50.10	85.40	3,526.5	279.8	1,663.3	1,686.7	1.53	-1.21	1.21
4,174.0	49.90	85.30	3,545.8	281.6	1,686.2	1,709.6	0.71	-0.67	-0.33
4,206.0	49.50	85.40	3,566.5	283.6	1,710.5	1,733.9	1.27	-1.25	0.31
4,238.0	49.10	85.40	3,587.4	285.6	1,734.7	1,758.1	1.25	-1.25	0.00
4,271.0	48.00	84.40	3,609.2	287.8	1,759.4	1,782.7	4.03	-3.33	-3.03
4,303.0	47.50	82.80	3,630.7	290.4	1,782.9	1,806.4	4.02	-1.56	-5.00
4,335.0	47.60	82.40	3,652.3	293.4	1,806.3	1,830.0	0.97	0.31	-1.25

# Nevis

## Survey Report

**Company:** MARION ENERGY, INC.  
**Project:** Carbon County, Utah  
**Site:** Kenilworth Railroad #15-3  
**Well:** Kenilworth Railroad #15-3  
**Wellbore:** Wellbore #1  
**Design:** Wellbore #1

**Local Co-ordinate Reference:** Site Kenilworth Railroad #15-3  
**TVD Reference:** WELL @ 0.0ft (Original Well Elev)  
**MD Reference:** WELL @ 0.0ft (Original Well Elev)  
**North Reference:** Grid  
**Survey Calculation Method:** Minimum Curvature  
**Database:** EDM 2003.14 Single User Db

### Survey

Measured Depth (ft)	Inclination (°)	Azimuth (°)	Vertical Depth (ft)	+N/-S (ft)	+E/-W (ft)	Vertical Section (ft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
4,366.0	47.20	82.50	3,673.3	296.4	1,828.9	1,852.8	1.31	-1.29	0.32
4,396.0	46.90	82.60	3,693.7	299.3	1,850.7	1,874.7	1.03	-1.00	0.33
4,427.0	47.40	82.00	3,714.8	302.3	1,873.2	1,897.4	2.15	1.61	-1.94
4,459.0	48.40	80.40	3,736.3	306.0	1,896.7	1,921.2	4.85	3.12	-5.00
4,490.0	48.40	80.00	3,756.9	309.9	1,919.5	1,944.4	0.96	0.00	-1.29
4,522.0	49.00	78.80	3,778.0	314.3	1,943.2	1,968.4	3.38	1.87	-3.75
4,553.0	50.50	76.70	3,798.0	319.4	1,966.3	1,992.0	7.08	4.84	-6.77
4,585.0	50.60	76.10	3,818.4	325.2	1,990.3	2,016.7	1.48	0.31	-1.87
4,618.0	51.00	77.00	3,839.2	331.1	2,015.2	2,042.2	2.44	1.21	2.73
4,650.0	52.00	78.80	3,859.1	336.4	2,039.6	2,067.2	5.40	3.12	5.62
4,682.0	52.00	79.40	3,878.8	341.1	2,064.4	2,092.4	1.48	0.00	1.87
4,714.0	51.80	79.50	3,898.6	345.7	2,089.2	2,117.6	0.67	-0.62	0.31
4,745.0	51.50	79.50	3,917.8	350.2	2,113.1	2,141.9	0.97	-0.97	0.00
4,777.0	51.10	79.60	3,937.8	354.7	2,137.6	2,166.9	1.27	-1.25	0.31
4,809.0	51.10	79.50	3,957.9	359.2	2,162.1	2,191.8	0.24	0.00	-0.31
4,840.0	50.90	79.60	3,977.4	363.6	2,185.8	2,215.8	0.69	-0.65	0.32
4,872.0	50.30	79.70	3,997.7	368.0	2,210.1	2,240.6	1.89	-1.87	0.31
4,904.0	50.10	79.60	4,018.2	372.4	2,234.3	2,265.1	0.67	-0.62	-0.31
4,935.0	50.10	80.00	4,038.1	376.7	2,257.7	2,288.9	0.99	0.00	1.29
4,967.0	49.70	80.30	4,058.7	380.8	2,281.8	2,313.4	1.44	-1.25	0.94
4,998.0	49.50	80.60	4,078.8	384.8	2,305.1	2,337.0	0.98	-0.65	0.97
5,030.0	49.10	80.60	4,099.7	388.7	2,329.1	2,361.3	1.25	-1.25	0.00
5,062.0	48.80	80.60	4,120.7	392.7	2,352.9	2,385.4	0.94	-0.94	0.00
5,094.0	48.60	80.70	4,141.8	396.6	2,376.6	2,409.4	0.67	-0.62	0.31
5,111.0	49.10	80.50	4,153.0	398.7	2,389.2	2,422.2	3.07	2.94	-1.18
5,196.2	48.71	80.34	4,209.0	409.3	2,452.5	2,486.5	0.48	-0.46	-0.18
<b>15-3 Target</b>									
5,220.0	48.60	80.30	4,224.7	412.3	2,470.1	2,504.3	0.48	-0.46	-0.18
5,252.0	48.50	79.80	4,245.9	416.5	2,493.8	2,528.3	1.21	-0.31	-1.56
5,284.0	50.30	80.40	4,266.7	420.7	2,517.7	2,552.6	5.80	5.62	1.87
5,316.0	50.30	80.30	4,287.2	424.8	2,542.0	2,577.2	0.24	0.00	-0.31
5,347.0	50.60	80.30	4,306.9	428.8	2,565.5	2,601.1	0.97	0.97	0.00
5,379.0	50.20	80.00	4,327.3	433.0	2,589.8	2,625.8	1.44	-1.25	-0.94
5,411.0	50.10	79.60	4,347.8	437.4	2,614.0	2,650.3	1.01	-0.31	-1.25
5,443.0	50.10	79.30	4,368.3	441.9	2,638.1	2,674.9	0.72	0.00	-0.94
5,473.0	50.40	80.00	4,387.5	446.0	2,660.8	2,697.9	2.05	1.00	2.33
5,505.0	50.40	79.80	4,407.9	450.4	2,685.1	2,722.6	0.48	0.00	-0.62
5,537.0	50.30	79.90	4,428.3	454.7	2,709.4	2,747.2	0.39	-0.31	0.31
5,569.0	50.10	79.60	4,448.8	459.1	2,733.5	2,771.8	0.95	-0.62	-0.94
5,601.0	49.80	79.60	4,469.4	463.5	2,757.6	2,796.3	0.94	-0.94	0.00
5,632.0	49.50	79.20	4,489.5	467.8	2,780.9	2,819.9	1.38	-0.97	-1.29
5,664.0	49.00	78.90	4,510.4	472.4	2,804.7	2,844.2	1.72	-1.56	-0.94
5,696.0	48.70	80.00	4,531.4	476.9	2,828.4	2,868.3	2.75	-0.94	3.44
5,770.0	48.00	79.80	4,580.6	486.5	2,882.8	2,923.5	0.97	-0.95	-0.27
5,801.0	47.90	79.70	4,601.4	490.6	2,905.4	2,946.6	0.40	-0.32	-0.32
5,812.0	47.90	79.70	4,608.7	492.1	2,913.5	2,954.7	0.00	0.00	0.00

TD @ 5812' - Projection

# Nevis

## Survey Report

**Company:** MARION ENERGY, INC.  
**Project:** Carbon County, Utah  
**Site:** Kenilworth Railroad #15-3  
**Well:** Kenilworth Railroad #15-3  
**Wellbore:** Wellbore #1  
**Design:** Wellbore #1

**Local Co-ordinate Reference:** Site Kenilworth Railroad #15-3  
**TVD Reference:** WELL @ 0.0ft (Original Well Elev)  
**MD Reference:** WELL @ 0.0ft (Original Well Elev)  
**North Reference:** Grid  
**Survey Calculation Method:** Minimum Curvature  
**Database:** EDM 2003.14 Single User Db

### Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (ft)	+N/-S (ft)	+E/-W (ft)	Northing (ft)	Easting (ft)	Latitude	Longitude
15-3 Target - survey misses by 12.7ft at 5182.0ft MD (4199.6 TVD, 407.6 N, 2442.0 E) - Point	0.00	0.00	4,209.0	403.5	2,434.4	14,413,337.32	1,698,746.60	39° 41' 25.028 N	110° 47' 33.561 W
KOP @ 800' - survey misses by 16.4ft at 799.7ft MD (799.5 TVD, -13.6 N, 9.2 E) - Point	0.00	0.00	800.0	0.0	0.0	14,412,933.78	1,696,312.22	39° 41' 21.093 N	110° 48' 4.725 W
TD - survey misses by 10.4ft at 5806.6ft MD (4605.1 TVD, 491.4 N, 2909.5 E) - Point	0.00	0.00	4,609.0	481.9	2,907.7	14,413,415.67	1,699,219.92	39° 41' 25.792 N	110° 47' 27.502 W
End Build - survey misses by 15.3ft at 3293.6ft MD (2983.0 TVD, 170.6 N, 1019.1 E) - Point	0.00	0.00	2,994.6	167.3	1,009.6	14,413,101.09	1,697,321.79	39° 41' 22.725 N	110° 47' 51.801 W

### Survey Annotations

Measured Depth (ft)	Vertical Depth (ft)	Local Coordinates		Comment
		+N/-S (ft)	+E/-W (ft)	
5,812.0	4,608.7	492.1	2,913.5	TD @ 5812' - Projection

Checked By: \_\_\_\_\_ Approved By: \_\_\_\_\_ Date: \_\_\_\_\_



# MARION ENERGY, INC.

Completion - As Drilled

Kenilworth Railroad #15-3  
Carbon County, Utah

## SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	DLeg	TFace	VSec	Target
1	0.0	0.00	0.00	0.0	0.0	0.0	0.00	0.00	0.0	
2	800.0	0.00	0.00	800.0	0.0	0.0	0.00	0.00	0.0	
3	3300.0	50.00	80.59	2994.6	167.3	1009.6	2.00	80.59	1023.3	
4	5189.3	50.00	80.59	4209.0	403.9	2437.4	0.00	0.00	2470.7	
5	5811.6	50.00	80.59	4609.0	481.9	2907.7	0.00	0.00	2947.4	

## SITE DETAILS: Kenilworth Railroad #15-3

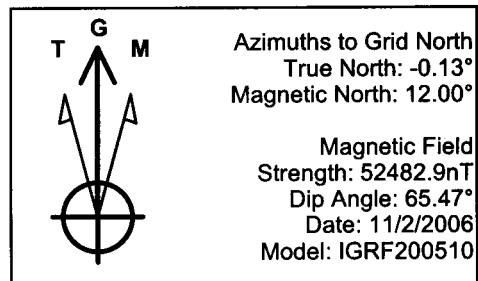
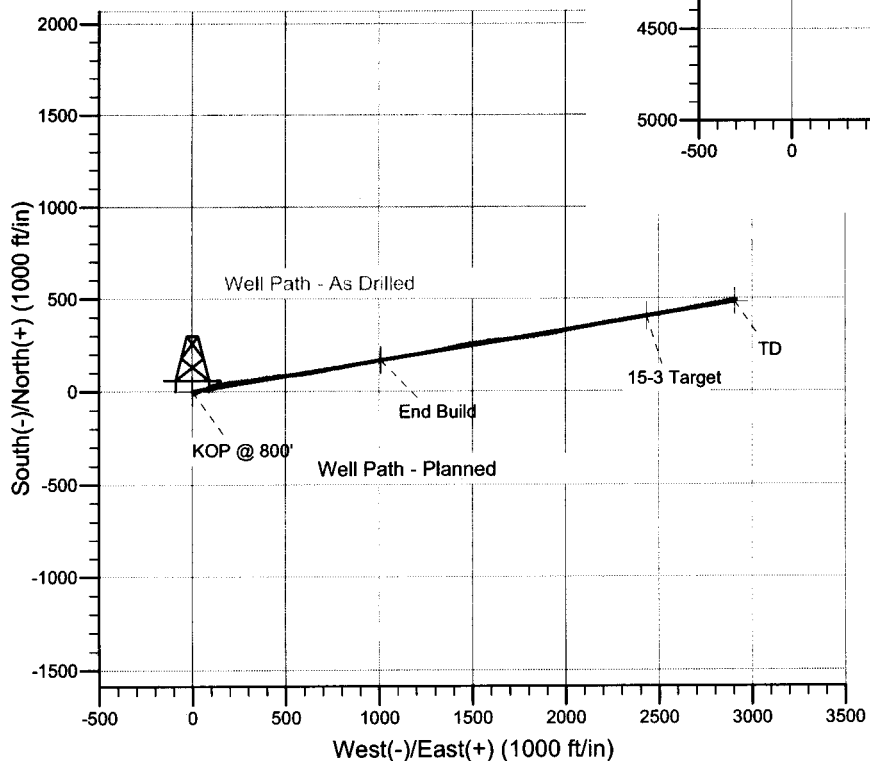
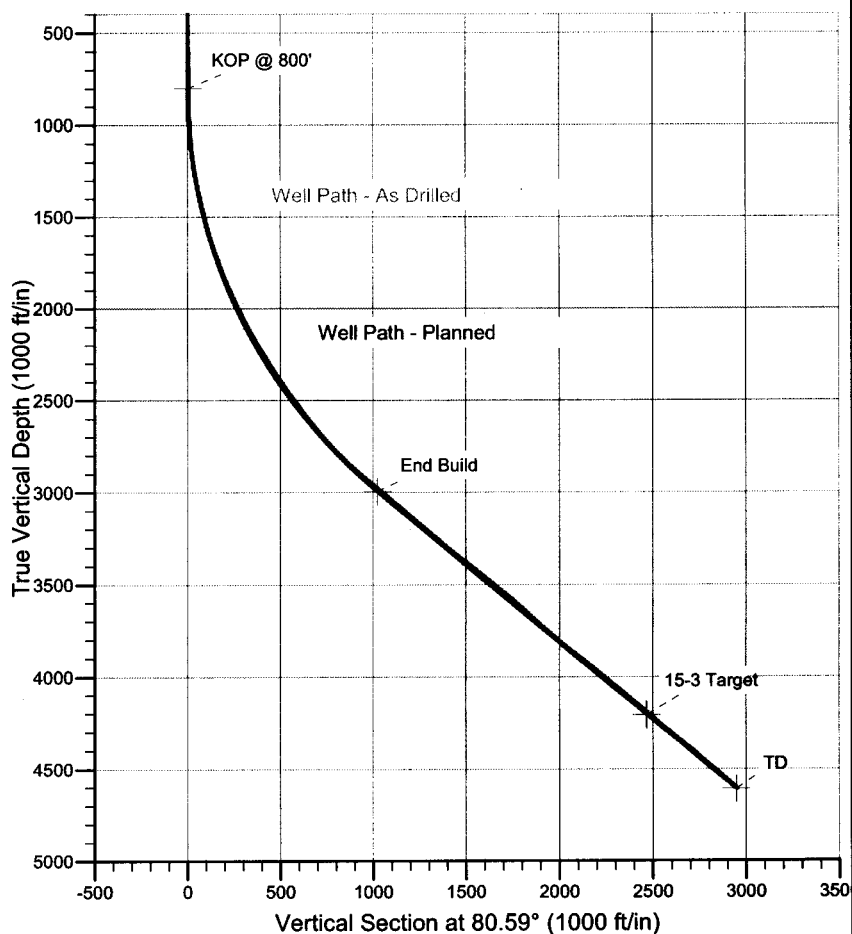
SE/SE Sec. 16, T13S, R10E  
Carbon County, Utah

Site Centre Latitude: 39° 41' 21.093 N  
Longitude: 110° 48' 4.725 W

Positional Uncertainty: 0.0  
Convergence: 0.13  
Local North: Grid

## WELLBORE TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Shape
KOP @ 800'	800.0	0.0	0.0	Point
End Build	2994.6	167.3	1009.6	Point
15-3 Target	4209.0	403.5	2434.4	Point
TD	4609.0	481.9	2907.7	Point



**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☒ FORM 8

(highlight changes)

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**Fee-UTU-81161**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

**WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER ☐

7. UNIT or CA AGREEMENT NAME

b. TYPE OF WORK:  
NEW WELL ☐ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER ☐

8. WELL NAME and NUMBER:  
**Kenilworth Railroad 15-3**

2. NAME OF OPERATOR:  
**Marion Energy, Inc.**

9. API NUMBER:  
**4300731168**

3. ADDRESS OF OPERATOR:  
**119 S. Tennessee #200 CITY McKinney STATE TX ZIP 75069**

PHONE NUMBER:  
**(972) 540-2967**

10. FIELD AND POOL, OR WILDCAT  
**Helper**

4. LOCATION OF WELL (FOOTAGES)  
AT SURFACE: **539.52 ft FSL & 1291.2 ft FEL**

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:  
**SESE 16 13S 10E**

AT TOP PRODUCING INTERVAL REPORTED BELOW:

AT TOTAL DEPTH:

12. COUNTY **Carbon** 13. STATE **UTAH**

14. DATE SPUDDED: **7/10/2006** 15. DATE T.D. REACHED: **1/31/2007** 16. DATE COMPLETED: **2/20/2007**

ABANDONED ☐ READY TO PRODUCE ☒

17. ELEVATIONS (DF, RKB, RT, GL):  
**6578 GR**

18. TOTAL DEPTH: MD **5,780** TVD ☐

19. PLUG BACK T.D.: MD **5,745** TVD ☐

20. IF MULTIPLE COMPLETIONS, HOW MANY? \*

21. DEPTH BRIDGE PLUG SET: MD ☐ TVD ☐

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)

**Induction, CNL-FDC, CBL W/CCL**

23. WAS WELL CORED? NO ☒ YES ☐ (Submit analysis)  
WAS DST RUN? NO ☒ YES ☐ (Submit report)  
DIRECTIONAL SURVEY? NO ☐ YES ☒ (Submit copy)

**24. CASING AND LINER RECORD (Report all strings set in well)**

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12 1/4"	9 5/8" J-55	36#	0	520		320 sx		Surface	
8 3/4"	7" J-55	23#	0	5,163		400 sx		Surf-Calc	
6 3/4"	5 1/2" J-55	17#	4,992	5,771		211 sx		LT-Circ	

**25. TUBING RECORD**

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8"	5,340							

**26. PRODUCING INTERVALS**

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A) Ferron	5,218	5,608			5,220 5,279	.43	84	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(B)					5,318 5,385	.43	72	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(C)					5,432 5,470	.43	64	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

**28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.**

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
5220-5279	50,129# 16/30 Brady Sand & 32, 900 gals 20 # XL gel
5318-5385	53,837 # 16/30 Brady Sand & 34,100 gals 20 # XL gel
5432-5470	52,305 # 16/30 Brady Sand & 40,000 gals 20 # XL gel

**29. ENCLOSED ATTACHMENTS:**

☐ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☐ DST REPORT ☐ DIRECTIONAL SURVEY  
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☐ OTHER: \_\_\_\_\_

**30. WELL STATUS:**

**PROD**

**RECEIVED**

**MAY 20 2009**

## 31. INITIAL PRODUCTION

## INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED: 2/28/2007		TEST DATE: 2/28/2007		HOURS TESTED: 3		TEST PRODUCTION RATES: →	OIL – BBL: 0	GAS – MCF: 59	WATER – BBL: 15	PROD. METHOD: Flowing
CHOKE SIZE: 1/2"	TBG. PRESS. 60	CSG. PRESS. 285	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF: 469	WATER – BBL: 120	INTERVAL STATUS: Producing

## INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

## INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

## INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

## 32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

Vented

## 33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

## 34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Bluegate	0	5,218	Shale		
Ferron	5,218	5,608	Sand, coal-gas		
Tununk	5,608		Shale		

## 35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Doug EndsleyTITLE VP OperationsSIGNATURE Doug EndsleyDATE 5/4/09

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

\* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

\*\* ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

RECEIVED

APR 04 2013

FORM 9

DIV. OF OIL, GAS & MINING

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER:
2. NAME OF OPERATOR: Marion Energy, Inc.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 31 No. Main Street CITY Helper STATE Ut ZIP 84626		7. UNIT or CA AGREEMENT NAME:
PHONE NUMBER: (435) 650-3923		8. WELL NAME and NUMBER: Kenilworth/Cordingly Field
4. LOCATION OF WELL FOOTAGES AT SURFACE: _____		9. API NUMBER:
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: _____		10. FIELD AND POOL, OR WILDCAT: Kenilworth/Cordingly Field
COUNTY: Carbon		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Kenilworth/Cordingly Field

Well pressures taken and documented. See attachment.

We are currently unable to get fluid levels but are working to correct the issue.

NAME (PLEASE PRINT) Dave Smith	TITLE Construction/Maintenance
SIGNATURE <i>Dave Smith</i>	DATE 4/1/2013

(This space for State use only)

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
For Record Only

## Kenilworth/Cordingly

### Pressures

#### 15-1

Tubing	0	Casing	5
--------	---	--------	---

#### 15-5

Tubing	0	Casing	0
--------	---	--------	---

#### 15-2

Tubing	0	Casing	0
--------	---	--------	---

#### 10-1

Tubing	0	Casing	15
--------	---	--------	----

#### Cordingly 11-1

Tubing	0	Casing	80
--------	---	--------	----

#### Kenilworth RR 1-A

Tubing	400	Casing	1400
--------	-----	--------	------

#### Kenilworth RR 1

Tubing	20	Casing	20
--------	----	--------	----

#### 15-3

Tubing	20	Casing	50
--------	----	--------	----

#### Ball Park 1

Tubing	0	Casing	0
--------	---	--------	---

#### Kenilworth RR 2

Tubing	0	Casing	0
--------	---	--------	---

#### 16-2 Not Drilled

#### 17-2 Not Drilled

#### Kenilworth RR 15-4 Not Drilled

## INSTRUCTIONS

**This form shall be submitted by the operator to show the intention and/or completion of the following:**

- miscellaneous work projects and actions for which other specific report forms do not exist;
- all other work and events as identified in section 11, Type of Action, or as required by the Utah Oil and Gas Conservation General Rules, including:
  - minor deepening of an existing well bore,
  - plugging back a well,
  - recompleting to a different producing formation within an existing well bore (intent only),
  - reperforating the current producing formation,
  - drilling a sidetrack to repair a well,
  - reporting monthly the status of each drilling well.

**This form is not to be used for proposals to**

- drill new wells,
- reenter previously plugged and abandoned wells,
- significantly deepen existing wells below their current bottom-hole depth,
- drill horizontal laterals from an existing well bore,
- drill hydrocarbon exploratory holes such as core samples and stratigraphic tests.

**Use Form 3, Application for Permit to Drill (APD) for such proposals.**

**NOTICE OF INTENT** - A notice of intention to do work on a well or to change plans previously approved shall be submitted in duplicate and must be received and approved by the division before the work is commenced. The operator is responsible for receipt of the notice by the division in ample time for proper consideration and action. In cases of emergency, the operator may obtain verbal approval to commence work. Within five days after receiving verbal approval, the operator shall submit a Sundry Notice describing the work and acknowledging the verbal approval.

**SUBSEQUENT REPORT** - A subsequent report shall be submitted to the division within 30 days of the completion of the outlined work. Specific details of the work performed should be provided, including dates, well depths, placement of plugs, etc.

**WELL ABANDONMENT** - Proposals to abandon a well and subsequent reports of abandonment should include reasons for the abandonment; data on any former or present productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, and method of parting of any casing, liner, or tubing pulled and the depth to top of any left in the hole; method of closing top of well; and date well site conditioned for final inspection looking to approval of the abandonment.

In addition to any Sundry Notice forms submitted, **Form 8, Well Completion or Recompletion Report and Log** must be submitted to the division to report the results of the following operations:

- completing or plugging a new well,
- reentering a previously plugged and abandoned well,
- significantly deepening an existing well bore below the current bottom-hole depth,
- drilling horizontal laterals from an existing well bore,
- drilling hydrocarbon exploratory holes such as core samples and stratigraphic tests,
- recompleting to a different producing formation.

Send to:

Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

SEND Sundry ? Attachments to each of the well files  
Listed Below:

1) BALLPARK CYN 16-2X	API # 43-007-31207
2) CORDINGLY CYN 10-1	API # 43-007-31173
3) BALLPARK CYN 17-2	API # 43-007-31169
4) KENILWORTH RR 1-A	API # 43-007-31229
5) ALPINE SCHOOL DISTRICT 6-17	API # 43-007-31181
6) OMAN 10-29	API # 43-007-31210
7) BALLPARK CYN #1	API # 43-007-31015
8) CORDINGLY CYN 15-5	API # 43-007-31167
9) KENILWORTH RR #1	API # 43-007-31006
10) KENILWORTH RR #2	API # 43-007-31007
11) CORDINGLY CYN 15-2	API # 43-007-31064
12) CORDINGLY CYN 15-1	API # 43-007-31065
13) CORDINGLY CYN 11-1	API # 43-007-31070
14) Kenilworth Railroad 15-3	API # 43-007-31168
15) Kenilworth Railroad 15-4	API # 43-007-31170

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1 TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____	5. LEASE DESIGNATION AND SERIAL NUMBER:
2 NAME OF OPERATOR Marion Energy, Inc.	6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 31 No. Main St. CITY Helper STATE Ut ZIP 84526 PHONE NUMBER: (435) 650-3923	7. UNIT or CA AGREEMENT NAME:
4 LOCATION OF WELL FOOTAGES AT SURFACE _____ COUNTY: Carbon QTR/4TR. SECTION. TOWNSHIP. RANGE. MERIDIAN _____ STATE: UTAH	8. WELL NAME and NUMBER: Kenilworth/Cordingly Canyon
	9. API NUMBER:
	10. FIELD AND POOL OR WILDCAT Kenilworth

11 CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12 DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

See attached documents. Pressures and water and gas for April.

Accepted by the  
Utah Division of  
Oil, Gas and Mining  
For Record Only

NAME (PLEASE PRINT) Dave Smith	TITLE Construction/Maintenance
SIGNATURE 	DATE 5/1/2013

(This space for State use only)

RECEIVED

MAY 01 2013

DIV. OF OIL, GAS & MINING

---

Kenilworth/Cordingly

Pressures

15-1

Tubing	0	Casing	5
--------	---	--------	---

15-5

Tubing	0	Casing	0
--------	---	--------	---

15-2

Tubing	0	Casing	0
--------	---	--------	---

10-1

Tubing	0	Casing	15
--------	---	--------	----

Cordingly 11-1

Tubing	0	Casing	80
--------	---	--------	----

Kenilworth RR 1-A

Tubing	400	Casing	1400
--------	-----	--------	------

Kenilworth RR 1

Tubing	20	Casing	20
--------	----	--------	----

15-3

Tubing	20	Casing	50
--------	----	--------	----

Ball Park 1

Tubing	0	Casing	0
--------	---	--------	---

Kenilworth RR 2

Tubing	0	Casing	0
--------	---	--------	---

16-2 Not Drilled

17-2 Not Drilled

Kenilworth RR 15-4 Not Drilled

---

Clear Creek

10 29

Tubing	0	Casing	0
--------	---	--------	---

Oman 2-20

Tubing	110	Casing	90
--------	-----	--------	----

6-17

Tubing	0	Casing	0
--------	---	--------	---

## Division of Oil, Gas and Mining

## Operator Change/Name Change Worksheet-for State use only

Effective Date: 6/1/2015

<b>FORMER OPERATOR:</b>	<b>NEW OPERATOR:</b>
Marion Energy, Inc 1415 N Loop West, Suite 1250 Houston, TX 77008 281-540-0028	Utah Gas Operating Solutision, LLC 1415 N Loop West, Suite 1250 Houston, TX 77008 281-540-0028
<b>CA Number(s):</b>	<b>Unit(s):</b> Clear Creek

**WELL INFORMATION:**

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status
See Attache Listq									

**OPERATOR CHANGES DOCUMENTATION:**

1. Sundry or legal documentation was received from the **FORMER** operator on: 6/24/2015
2. Sundry or legal documentation was received from the **NEW** operator on: 6/24/2015
3. New operator Division of Corporations Business Number: 9345770-0161

**REVIEW:**

1. Surface Agreement Sundry from **NEW** operator on Fee Surface wells received on: N/A
2. Receipt of Acceptance of Drilling Procedures for APD on: N/A
3. Reports current for Production/Disposition & Sundries: 6/25/2015
4. OPS/SI/TA well(s) reviewed for full cost bonding: 6/25/2015
5. UIC5 on all disposal/injection/storage well(s) approved on: 7/8/2015
6. Surface Facility(s) included in operator change: Clear Creek Tank Battery
7. Inspections of PA state/fee well sites complete on (only upon operators request): 6/25/2015

**NEW OPERATOR BOND VERIFICATION:**

1. Federal well(s) covered by Bond Number: SU46335
2. Indian well(s) covered by Bond Number: N/A
3. State/fee well(s) covered by Bond Number(s): SU46334 and SU46341

**DATA ENTRY:**

1. Well(s) update in the **OGIS** on: 7/9/2015
2. Entity Number(s) updated in **OGIS** on: 7/9/2015
3. Unit(s) operator number update in **OGIS** on: 7/9/2015
4. Surface Facilities update in **OGIS** on: N/A
5. State/Fee well(s) attached to bond(s) in **RBDMS** on: 7/9/2015
6. Surface Facilities update in **RBDMS** on: 7/9/2015

**LEASE INTEREST OWNER NOTIFICATION:**

1. The **NEW** operator of the Fee (Mineral) wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: 7/9/2015

**COMMENTS:**

Marion Energy, Inc to  
Utah Gas Operating Solutions, LLC  
Effective 6/1/2015

Well Name	Sec	TWN	RNG	API	Entity	Mineral	Surface	Type	Status	Unit
ALPINE SCHOOL DIST 3-17	17	130S	070E	4300731182	2550	State	Fee	WD	A	CLEAR CREEK
RIDGE RUNNER 8-19	20	140S	070E	4301530682	2550	Federal	Federal	GW	OPS	CLEAR CREEK
RIDGE RUNNER 2-18	17	140S	070E	4301530683	16130	Federal	Federal	GW	OPS	CLEAR CREEK
UTAH FUEL 10	5	140S	070E	4300716016	2550	Fee	Fee	GW	P	CLEAR CREEK
RIDGE RUNNER 13-17	17	140S	070E	4301530269	2550	Federal	Federal	GW	P	CLEAR CREEK
UTAH FUEL 1	5	140S	070E	4300716009	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 2	32	130S	070E	4300716010	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 3	32	130S	070E	4300716011	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 4	30	130S	070E	4300716012	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 5	31	130S	070E	4300716013	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH MINERAL STATE	29	130S	070E	4300730102	2550	State	Fee	GW	PA	CLEAR CREEK
BALLPARK CYN 17-2	16	130S	100E	4300731169	15494	Fee	Fee	D	PA	
KENILWORTH RAILROAD 15-4	16	130S	100E	4300731170	15495	Federal	Fee	D	PA	
BALLPARK CYN 16-2	16	130S	100E	4300731171	15434	Fee	Fee	D	PA	
CORDINGLY CYN 10-1	15	130S	100E	4300731173	15435	Fee	Fee	D	PA	
BALLPARK CYN 16-2X	16	130S	100E	4300731207	15496	Fee	Fee	D	PA	
UTAH FUEL A-1	6	140S	070E	4301516021	2550	Fee	Fee	GW	PA	CLEAR CREEK
UTAH FUEL 8	19	130S	070E	4300716015	2550	Fee	Fee	GW	S	CLEAR CREEK
OMAN 2-20	20	130S	070E	4300730289	2550	State	Fee	GW	S	CLEAR CREEK
KENILWORTH RR #1	16	130S	100E	4300731006	14624	Fee	Fee	GW	S	
KENILWORTH RR #2	16	130S	100E	4300731007	14625	Fee	Fee	GW	S	
BALLPARK CANYON #1	16	130S	100E	4300731015	15159	Fee	Fee	GW	S	
CORDINGLY CYN 15-2	15	130S	100E	4300731064	15160	State	Fee	GW	S	
CORDINGLY CYN 15-1	15	130S	100E	4300731065	15161	State	Fee	GW	S	
CORDINGLY CYN 11-1	11	130S	100E	4300731070	15432	Fee	Fee	GW	S	
CORDINGLY CYN 15-5	15	130S	100E	4300731167	15433	State	Fee	GW	S	
KENILWORTH RAILROAD 15-3	16	130S	100E	4300731168	16041	Federal	Fee	GW	S	
ALPINE SCHOOL DIST 6-17	17	130S	070E	4300731181	2550	State	Fee	GW	S	CLEAR CREEK
OMAN 10-29	29	130S	070E	4300731210	2550	State	Fee	GW	S	CLEAR CREEK
KENILWORTH RR 1-A	16	130S	100E	4300731229	16456	Fee	Fee	GW	S	
RIDGE RUNNER 11-20	20	140S	070E	4301530271	2550	Federal	Federal	GW	S	CLEAR CREEK
RIDGE RUNNER 1-30	20	140S	070E	4301530680	2550	Federal	Federal	GW	S	CLEAR CREEK
RIDGE RUNNER 2-19	17	140S	070E	4301530684	2550	Federal	Federal	GW	S	CLEAR CREEK
RIDGE RUNNER 11-17	17	140S	070E	4301530685	2550	Federal	Federal	GW	S	CLEAR CREEK

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5. LEASE DESIGNATION AND SERIAL NUMBER:

ML-1257

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

Clear Creek

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☐

OTHER Compressor

2. NAME OF OPERATOR:

Utah Gas Operating Solutions, LLC

3. ADDRESS OF OPERATOR:

1415 North Loop West, STE CITY Houston

STATE TX

ZIP 77008

PHONE NUMBER:

(281) 540-0028

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 33 13S 7E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: <u>6/1/2015</u>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please accept this as notice that as of June 1st, 2015, Marion Energy, Inc. is resigning as the operator of the "Clear Creek Compressor Station" and assigning Utah Gas Operating Solutions, LLC. as the successor of operator. This is in conjunction with Utah Gas Operating Solutions, LLC bond number 5040334.

"Clear Creek Compressor Station"

Sec 33 13S 7E NWNW

Marion Energy, Inc.

Signature: [Signature]

Date: 6/1/15

Name: Douglas Flanner

Title: VP

Utah Gas Operating Solutions, LLC.

Signature: [Signature]

Date: 6-15-2015

Name: PATRICK W. MERRITT

Title: AGENT-LIMITED ATTORNEY IN FACT

NAME (PLEASE PRINT)

PATRICK W. MERRITT

TITLE

AGENT-LIMITED ATTORNEY IN FACT

SIGNATURE

[Signature]

DATE

6-15-2015

(This space for State use only)

APPROVED

JUL 09 2015

DIV. OIL GAS & MINING

BY: Rachel Medina

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 9

5. LEASE DESIGNATION AND SERIAL NUMBER:  
**ML-1257**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:  
**Clear Creek Unit**

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:  
**Helper Field**

**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL      OIL WELL ☐      GAS WELL ☒      OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
**Marion Energy, Inc**

3. ADDRESS OF OPERATOR:  
**1415 N Loop W, STE 1250**      CITY **Houston**      STATE **TX**      ZIP **77008**

PHONE NUMBER:  
**(281) 540-0028**

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY:

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE:

**UTAH**

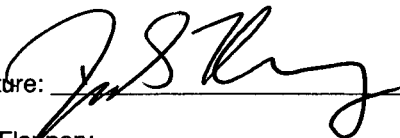
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate)  Approximate date work will start: <b>6/1/2015</b>	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input checked="" type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only)  Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

As of June 1st, 2015, Marion Energy, Inc. resigns as Operator over its former Clear Creek Unit and Helper Field assets. In conjunction with this resignation, Utah Gas Operating Solutions, LLC. will be taking over as the Successor Operator upon your approval. Please refer to all documents submitted by Utah Gas Operating Solutions, LLC. as successor unit operator and on behalf of Marion Energy, Inc. regarding this change.

Please see the attached Appendix A below for a complete well and facility list that will be transferred upon governing approval. As the Vice President of Marion Energy, Inc. I ask that you accept this letter as Marion Energy's official resignation and request to transfer operating rights to Utah Gas Operating Solutions, LLC.

Signature:   
Doug Flannery  
Vice President

Date: **6/11/15**

NAME (PLEASE PRINT) **DATRICK W. MERRITT**

TITLE **AGENT - CONTRACT OPERATOR**

SIGNATURE 

DATE **6-15-2015**

(This space for State use only)

**APPROVED**

**JUL 09 2015**

DIV. OIL GAS & MINING

BY: 

# APPENDIX A

## Well List

Well Name	Sec	TWN	RNG	API	Status
ALPINE SCHOOL DIST 3-17	17	130S	070E	4300731182	A
KENILWORTH RAILROAD 9-1	16	130S	100E	4300731172	LA
JACOB 5-5	5	140S	070E	4300731190	LA
JACOB 4-8	5	140S	070E	4300731191	LA
OMAN 2-31	30	130S	070E	4300731246	LA
OMAN 3-32	29	130S	070E	4300731247	LA
MADSEN 11-20	19	130S	070E	4300731297	LA
OMAN 7-19	19	130S	070E	4300731298	LA
WOOLSEY 3-31	31	130S	070E	4300731305	LA
OLD RAIL ROAD GRADE 17-1	17	130S	100E	4300731354	LA
KENILWORTH WASH 18-1	18	130S	100E	4300731355	LA
ALRAD CYN 13-1	13	130S	100E	4300731357	LA
CORDINGLY CYN 15-6	15	130S	100E	4300731416	LA
RIDGE RUNNER 7-20	20	140S	070E	4301530681	LA
RIDGE RUNNER 8-19	20	140S	070E	4301530682	OPS
RIDGE RUNNER 2-18	17	140S	070E	4301530683	OPS
UTAH FUEL 10	5	140S	070E	4300716016	P
RIDGE RUNNER 13-17	17	140S	070E	4301530269	P
UTAH FUEL 1	5	140S	070E	4300716009	PA
UTAH FUEL 2	32	130S	070E	4300716010	PA
UTAH FUEL 3	32	130S	070E	4300716011	PA
UTAH FUEL 4	30	130S	070E	4300716012	PA
UTAH FUEL 5	31	130S	070E	4300716013	PA
UTAH MINERAL STATE	29	130S	070E	4300730102	PA
BALLPARK CYN 17-2	16	130S	100E	4300731169	PA
KENILWORTH RAILROAD 15-4	16	130S	100E	4300731170	PA
BALLPARK CYN 16-2	16	130S	100E	4300731171	PA
CORDINGLY CYN 10-1	15	130S	100E	4300731173	PA
BALLPARK CYN 16-2X	16	130S	100E	4300731207	PA
UTAH FUEL A-1	6	140S	070E	4301516021	PA
OMAN 14-20	29	130S	070E	4300731209	RET
CORDINGLY CYN 2-1	2	130S	100E	4300731236	RET
SWD 1	28	130S	100E	4300731417	RET
SHIMMIN 33-1	33	120S	110E	4300731431	RET
SEAMONS 5-8	8	130S	070E	4300731432	RET
CRITCHLOW 29-1	29	120S	110E	4300731433	RET
RADAKOVICH 12-5-1	5	130S	070E	4300731434	RET
ALLRED 10-1	10	120S	110E	4300731435	RET

RADAKOVICH 12-5	5	130S	070E	4300731436	RET
SEAMONS 5-8-2	8	130S	070E	4300731437	RET
WOOLSEY 3-31-1	31	130S	070E	4300731438	RET
ALLRED 13-1	13	120S	110E	4300731439	RET
JACOB 5-5	5	140S	070E	4300731513	RET
UTAH FUEL 8	19	130S	070E	4300716015	S
OMAN 2-20	20	130S	070E	4300730289	S
KENILWORTH RR #1	16	130S	100E	4300731006	S
KENILWORTH RR #2	16	130S	100E	4300731007	S
BALLPARK CANYON #1	16	130S	100E	4300731015	S
CORDINGLY CYN 15-2	15	130S	100E	4300731064	S
CORDINGLY CYN 15-1	15	130S	100E	4300731065	S
CORDINGLY CYN 11-1	11	130S	100E	4300731070	S
CORDINGLY CYN 15-5	15	130S	100E	4300731167	S
KENILWORTH RAILROAD 15-3	16	130S	100E	4300731168	S
ALPINE SCHOOL DIST 6-17	17	130S	070E	4300731181	S
OMAN 10-29	29	130S	070E	4300731210	S
KENILWORTH RR 1-A	16	130S	100E	4300731229	S
RIDGE RUNNER 11-20	20	140S	070E	4301530271	S
RIDGE RUNNER 1-30	20	140S	070E	4301530680	S
RIDGE RUNNER 2-19	17	140S	070E	4301530684	S
RIDGE RUNNER 11-17	17	140S	070E	4301530685	S

#### Facility List

Clear Creek Compressor Station	33	13S	7E
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